The Conceptualizing Analysis of Materialize to Dimension of Customer Relationship Management and Brand Equity

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ABSTRACT

This article reviews the various approaches to defining and Measuring Brand Equity. CRM strategy (Customer Relationship Management) is a business philosophy, stemming from relationship marketing that joins strategy and technology, with the aim of creating value for both customers and the company. In this paper we justify the interest of establishing a formal system to measure CRM performance. It analyses the diverse views regarding the set of attributes relevant for measurement of Brand equity. Existing measures of brand equity have been classified into three categories for the discussion in the paper. One set of measures are those focusing on outcome of Brand Equity at the product market level, the second category is that of measures related to customer mindset while the third set is based on measurement of financial parameters. The paper presents a comprehensive review of the work done by various researchers over the last few decades. It analyses the merits and limitations of the different types of measures. Based on the observations made by experts in related literature the authors suggest the scope for further research in the discipline.

Keywords: CRM, Brand Equity, Measuring Brand Equity and Dimensions

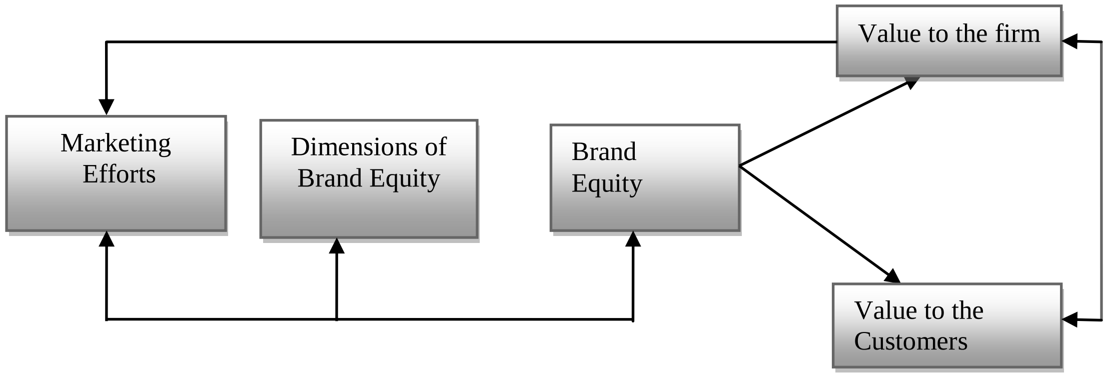
1. INTRODUCTION

In an ideal world the customers choose between different products and services considering a long list of criteria including product features, pricing, availability and flexibility. However, when several companies' products and services are almost similar the choice oils down to the reputation of the respective brands. In this era of internet and IT enabled marketing, companies deploy a host of customer relationship management (CRM) programs to increase the equity of their brands. The current interest in the existing brands is more because of the escalating costs of developing new brands, which has led to the prevalent usage of existing brands by way of brand extension (Tauber, 1988). According to the American Marketing Association, a brand is a name, term, sign, symbol or a combination of them, intended to identify the goods and services of one seller or a group of sellers and to differentiate them from their competitors. Farquhar (1989) has defined brand equity as an intangible asset that depends on the association made by the consumers. However, none of these definitions takes into account the contribution / effect of the brand on middlemen. This gap in definition has been bridged by Frederick E. Webster Jr. He defined brand as a guarantee of consistent features, quality and performance to the consumers and is also a pledge of support to the middlemen (Frederick E. Webstar, Jr., 2000). With such renowned brands like Nike, Reebok and Intel in the global market to serve as their inspiration, businesses are becoming increasingly savvy in the way they regard and manage their brands.

2. BRAND EQUITY DEFINED

Numerous definitions of brand equity have been proposed by different authors. According to David Aakar (1991), brand equity is the set of assets and liabilities linked to a brand that add to or subtract from its value to the consumers and business, while Farquhar (1989) defines brand equity as the monetary value added by the brand to the product. Swait et al (1993) define brand equity as the consumer's implicit valuation of the brand in a market with differentiated brands relative to a market with no brand differentiation, whilst Srinivasan, Chan Su Park and Dae Ryun Chang define brand equity as the incremental contribution per year obtained by the brand in comparison to the underlying product or service with no brand building efforts (March 2005). This incremental contribution is driven by the individual customer's incremental choice probability for the brand in comparison to his or her choice probability for the product with no brand building efforts. From a behavioral view point, brand equity is critically important to make points of differentiation leading to competitive advantages based on non price competition (Aakar, 1991).Somewhat paradoxically, the phenomenon labeled as brand equity from the perspective of a marketing manager corresponds closely to the state of affairs that economists concerned with social welfare label as 'market inefficiency'. Specifically, a brand is deemed to be inefficient to the economists if it offers the same product characteristics at a higher price. Thus inefficiency refers to “the extent to which a brand is overpriced relative to its close competitors” and involves a “welfare loss” (Kamakura et al, 1988, p. 300) Farquhar (1989) has conceptualized brand equity having three perspectives

FIG 1: CONCEPTUAL FRAMEWORK TO BRAND EQUITY



With an increase in marketing efforts, there is an increase in the dimensions of brand equity, which in turn positively influences brand equity. Increase in brand equity leads to an increase in the value of the brand to the customers and also to the firm, which means the firm has an increased bottom line now and can hence invest in more marketing activities. The idea that brand adds value to products or services is fundamental to marketing. But even then marketers dry up when faced with the task of measuring the extent of brand equity. It has been widely accepted that brand equity is related to both technical capability and image (Batra, Lehmann and Singh, 1992). However, until the mid 1990s there were remarkably few papers that addressed the measurement of brand equity per se, though both brand equity and metrics were hot topics of discussion since 1980s. The first significant attempt to measure brand equity as the added value from a brand came when brands became important in the valuation of a company. The willingness of companies to pay a premium while acquiring a brand led to a desire of having more robust measures of a brand’s value and therefore of “brand equity”. Initially the valuations were driven by accounting requirements rather than by any demand for measurement that might improve marketing investments. The objective was to place a value for the brand rather than improving the return on investment in marketing, Pappu et al. (2005)

3. APPROACHES TO MEASURING BRANDING EQUITY

Existing measures of brand equity generally fall into one of the three categories (Keller and Lehmann, 2002). First are the measures that focus on outcome at the product market level. The most commonly measured unit is the price premium that the brand commands over a base product (also known as private label products). This approach has been analyzed by Morris B. Holbrook, (1991), V. Srinivasan, Chan Su Park and Dye Ryun Chung (March 2005) and others. Price premium could also be measured by the related concepts of brand clout and vulnerability as measured by the brand’s own and cross price elasticity (Kamakura and Russel, 1993). Other measures of this type include constant term in sales response model (Srinivasan, 1979) or the residual in hedonic regression, i.e. market inefficiency (Hjorth – Andersen, 1984). But they fail to capture the interaction of equity with marketing mix activities like advertising and price. However, the recent works of Erdem, Keane and Sun (2005) have addressed the limitation to some extent. The second category of measurement focuses on the measures related to customer mindset, i.e. the attitudes, associations and attachments that the customers have towards the brand. The final category of measurement is based on the financial measurements. Specifically, these assess the value of a brand in terms of financial assets. Purchase price when a brand is sold or acquired (Mahajan, Rao and Srivastava, 1994) and discounted cash flow dimensions of licensing fees and royalties are measurement of these type. Simon and Sullivan (1993), measure brand equity based on the incremental cash flow that accrue to branded products over and above the cash flow that result from the sales of unbranded products. Thus this measure is the residual once other sources of firm value are accounted for. Inter brand’s measure is basically a hybrid of product market and financial market measures, starting basically with the revenue premium the brand enjoys and adjusting for growth potential. The Inter brand method for ranking brands by brand value uses the concept. Several years ago, Booz, Allen and Hamilton conducted a survey of companies who had a varying degree of success in introduction of new products, to arrive at an understanding of what is called the ‘best practices’ that is what differentiated companies that succeeded more often than others in the new product development process (Susan Schwatz McDonald, Feb. 1990). One point that stood out was that success in new product introduction is increasingly associated with the expenditure of money in earlier developmental processes. And although there are several ways to spend the money, the most obvious one is on a more deliberate examination of the brand. Micheal J. Silverstein in his book, reassure (Hunt: Into the mind of the new consumer) says that "In category after category, premium entries are growing, bargain brands are stealing share, and the Middle is shrinking." Or to place his observation in the marketing context: brands that innovate are growing, while brands that do not innovate are transferring their equity and subsequent long term income growth to low cost manufacturers and discount retailers. In the Indian context one can observe that with the planned entry of such giants like Reliance and Wal-Mart in the retail sector of Indian economy, this is expected to be a familiar situation a few years down the lane. This shrinking middle is where India's well respected and well known brands would find themselves a few years from now, unless they start investing on building brand equity. The following section of the paper presents a discussion on the work done by researchers on each of the above three categories of Measures of Brand Equity.

4. MEASURES FOCUSING ON THE OUTCOME AT THE PRODUCT MARKET LEVEL

In this model of measurement, brand equity has been described to be synonymous with price premium that is the willingness of the consumers to pay more for a brand than the other. Price premia is a proxy for the elasticity of demand, which in turn is a measure of brand loyalty. Thus price premium reflects the brand's ability to command a price higher than its competitors. The price premium construct is consequently important for all types of brands, despite actual price position within a category. The price premium can either be negative or positive. According to a 1995 branding study by management consultants Kuczmarski and Associates (David, 1995), 72% of the consumers will pay a 20% premium of their brand choice over their closest competitors. To a substantial 25% price is inconsequential if they are buying a branded product that 'owns' their loyalty. Such premium allows for a higher price points and profit margins. Seutherman's study for grocery store in America showed that for grocery stores, between a national and a store brand, consumers are willing to pay almost 30% more for national brand over store brand (Seutherman, 2003).The model assumes that each dimension of brand equity should have an impact on the prices that consumers are willing to pay for the brand. Hence, a dimension that has no impact on the price premium is no relevant indicator for brand equity. The price premium does not fully correlate with actual consumer prices, since numerous other factors influence the prices consumers have to pay in the store. Therefore, an actual consumer price measure is not a satisfactory method to measure brand equity. An empirical investigation conducted by Ailawadi et al (2003) has confirmed that price premium is an excellent global measure as it is relatively stable over time and yet captures variation in brand health, and in addition correlates with other global measures of brand equity. Agarwal and Rao (1996) demonstrated that price premium was the measure that could best explain choice of brand at individual level as well as aggregated market shares. Lasser et al (1995) and Chernatony and Mac Donald (2003) emphasize that brand equity is a relative measure that needs to be compared across similar competitors. Srinivasan (1979) defines brand equity (which he alls 'brand specific effects') as the component of overall preference not measured by objectively measured attributes. He estimates brand equity by comparing actual choice behavior with those implied by utilities obtained through conjoint analysis with product attributes, but no brand names. He christened the constant term in sales response models as brand equity. His method avoids problem of unrealistic product profiles mentioned reviously with the conjoint method, but has a limitation of providing at best segment level estimates of brand equity. Other measures of this type include the residual in hedonic regression, i.e. market inefficiency (Hjorth Andersen, 1984) but they do not capture the equity with different marketing activities like advertisement and price. Kamakura and Russel (1989) use segment wise logit model on single source scanner panel data to measure brand equity. They first estimate segment level brand preferences by removing the effects of short term advertising and price promotions and then obtain segment level brand equity estimates as residuals from a regression equation relating segment level price adjusted brand preferences to obtain measured product attributes. An attractive aspect of this method is that the researchers obtain brand equity from real consumer choices in the marketplace rather than by relying on survey based subjective methods. Like Srinivasan's approach, the Kamakura Russel method has a limitation of offering at best, a segment level estimate of brand equity. Furthermore, the Kamakura Russel method of computing brand equity as residuals in a regression equation, tends to understate the actual variation of equities across brands. For example, if there were as many attributes as the number of brands, all their brand equities would be zero. However, an important limitation of both these approaches is that they do not break down the estimated equity into its components that can be related to factors such as favorable biased perceptions. Thus empirical results based on these methods will have somewhat limited managerial usefulness in terms of understanding the sources of brand equity and suggesting directions for enhancing it.

To tide over the above mentioned limitations, a new survey based method for measuring brand equity at individual consumer level was proposed by Chan Su Park and V. Srinivasan (1994). Though the measurement method is based on multi-attribute preference model, it provides for an individual level measurement of brand equity. The approach uses a survey procedure to obtain each individual's overall brand preference and his/her multi attribute brand preference based on objectively measured attribute levels from overall brand preference to derive individual level measures of brand equity. This method also divides brand equity into attribute – based and non-attribute based components. The major advantage of this method is that besides assessing the impact of a brand's equity on its market share and price premium, the method also provides a logical basis to evaluate the equity of a new brand extension. The study also provides a method to assess the impact of a brand's equity on its market share and profit margin through the measurement of market share and price premium. These features constitute meaningful summary measures of brand equity because they closely relate to brand profitability. However, a potential limitation of this method is that substantial measurement errors can creep in because this is a survey based method. This is because the measurement depends on the ability of the customer to accurately relate their relative brand preferences and the price premium they are willing to pay for their most preferred brand over the least preferred brand. The measurement method does not explicitly incorporate the different levels of retail availability of brands. Studies of measuring brand equity, defined as price premium, for consumer electronics products have been done by Morris Holbrook (1991). The information on brand features was used to obtain multiple attribute measure of quality for offerings in each product category. This was followed by regression analysis of prices on quality ratings and on brand names. Coefficients for these brands indicated the incremental contribution of name to price beyond the level justified by quality. This approach bears resemblance to the method of hedonic pricing (Ratchford, 1975; Rosen, 1974), to the use of conjoint analysis with the inclusion of a term representing brand name to explain perceived value (MacLachlan and Mulhern, 1991), to multifeatured decompositional analysis of a brand's intangible value not directly attributable to physical characteristics (Kamakura and Russel, 1991) , or to the application of programming techniques to estimate market inefficiencies (Kamakura et al, 1988). A major limitation of this study, however, is that the measurements are empirical in nature.

Another approach towards measurement, analysis and prediction of brand equity was given by V.Srinivasan, Chan Su Park and Dae Ryun Chang (March 2005). They conceptualized a brand's equity as arising from the following 3 sources: enhanced brand awareness, enhanced attribute perceptions and enhanced non-attribute preference. In addition, the proposed approach also takes into account the impact of these 3 sources on the increased availability of the brand. Based on this conceptualization, the method operationalises brand equity at the individual customer level by determining the incremental choice probabilities; i.e. the difference between an individual customer's choice probability for the brand and his / her choice probability for the underlying product with merely its push based availability and awareness. Aggregating the incremental choice probabilities across customers (or a segment of customers) with category purchase quantities as weights, and multiplying it with product's contribution margin yielded a measurement of brand equity in financial terms. The approach also evaluates the relative impacts on the incremental choice probability from 3 sources, besides permitting a variety of 'what-if 'analysis evaluating the impact of alternative brand building strategies. The major limitation of this method is it is a survey based method, thus involving measurement errors. Neither does the model include price promotion as one of the factor affecting brand equity.

While techniques employing price premia are intuitively appealing, they can result in a biased estimate of brand equity. The first problem is that price premia captures only one dimension of brand equity. Another dimension of brand equity is to reduce the marketing costs of current and future products. For example, Marlboro cigarettes do not command price premium over most of the other brands, but it would indeed be difficult to argue, that Marlboro do not have strong brand equity. A second problem with this approach is that price premium often results from high quality physical attributes. Consequently, brand equity, estimated through this approach would be too high, unless adjusted for differential production costs also. Third, these techniques do not consider the expected future profits from brand names. Thus, to the extent the current price and marketing expenditures would affect future profits, the estimates would be biased.

Dubin (1998) had suggested a product market level measure of brand equity, which attempts to quantify the difference between the profit earned by the brand and the profit it would have earned, if it were sold without the brand name. While potentially less diagnostic, the method of measurement has the advantage of being fairly unambiguous and credible to people outside the marketing fraternity also. Ailawadi, Lehman and Neslin (2002) have taken the work of Dubin forward and have tried proposing a specific method of measuring brand equity. As an extension, they have tried examining the behavior of brand equity over time, across product categories, and in response to marketing activities like advertising and promotion. The method used by Ailawadi et al is based on the implicit assumption that outcome in the market involves optimal decision by firms who select a price (and resulting sales) for their brand in order to maximize net revenue. Their decisions depend on the different demand curves faced by the branded and unbranded goods (i.e. private label vs.

generic products). The revenue received by the firms is a reflection of the value customers place on various alternatives. In essence, these revenues result from a reduced form of the complex relation among brands, marketing mix elements and customers. Instead of the hypothetical estimation of revenue that a branded product would earn if it did not have a brand name, the revenue of a private label product is used as a benchmark. Hence, the difference in revenue (i.e. price*volume) between a branded good and the corresponding private label represents the value of a particular brand. The major limitation of the method is that it cannot be a general method of measurement across categories as the equity measure is affected by the quality of private label, which varies by categories. Again, if a brand is new, its investment in advertisement etc. require time before its position is established, so the measure works better for mature brands in relatively stable categories.

5. **MEASURES RELATED TO CUSTOMER MINDSET**

According to this model, building a strong brand basically involves four steps:

1. Establishing proper brand identity, i.e. establishing the breadth and depth of brand awareness;
2. Creating appropriate brand meaning through strong, favorable and unique brand associations;
3. Eliciting positive, accessible brand responses, and
4. Forging brand relationship with customers that are characterized by intense active loyalty.

Achieving these four steps, in turn, involves establishing six brand building blocks – brand salience, brand performance, brand imagery, brand judgments, brand feelings and brand resonance. One problem of this approach is that there is no metric to translate customer ratings into estimates of profit for the company. Also, like the price premium technique it excludes expected future brand related profits and fails to control for differences in costs of producing branded products.

Kevin Lane Keller (2001) proposed the Consumer Based Brand Equity (CBBE) model, which provides a yardstick by which the brands can assess their progress in their brand building efforts. In addition, a critical application of the CBBE model is in planning, implementing and interpreting brand strategies. While reflecting a consumer or a marketing perspective, brand equity is referred to as Consumer Based Brand Equity (CBBE). Mackay et. Al (1997, p. 1153) stated that 'the marketing approach (also referred to as consumer based brand equity) refers to the added value of the brand to the consumer. Subscribers to this approach refer to the value created by marketing activities as perceived by the customers'.

Cobb - Walgren were the pioneering researchers to measure consumer based brand equity on the conceptualization of Aakar (1991) and Keller (1993). These researchers treated consumer based brand equity as asset of four dimensions, viz. brand awareness, brand associations, perceived quality and brand loyalty. Sinha et al (2000) and Sinha and Pappu (1998), measured the consumer based brand equity in a similar fashion, but used Bayesian model. Yoo et al used confirmatory factor analytic methods to measure consumer based brand equity. However, Yoo et al treated consumer based brand equity as a three dimensional construct, combining brand association and brand awareness as one dimension.

Yoo and Donthu (2001) were also the first to develop a multidimensional scale for consumer based brand equity and test its psychometric properties. These researchers, however, observed only three dimensions of consumer based brand equity, similar to Yoo et al (2000). Yoo and Donthu's (2001) consumer based brand equity scale was later validated by Washburn and Plank (2002).However, both Yoo and Donthu (2000) and Washburn and Plank (2002) have acknowledged the scope to improve the method of easuring consumer based brand equity. For example, Washburn and Plank have highlighted the need to refine the dimensionality of consumer based brand equity. They also proposed researchers to focus on the distinction between dimensions of brand association and awareness. While these two dimensions are conceptually different (Aakar, 1991), some empirical evidence (Yoo and Donthu, 2001, 2002; Yoo et al, 2000; Washburn and Plank, 2002) suggests that they should be combined to one. There is also empirical evidence to suggest that these are two distinct dimensions of brand equity (e.g. Sinha et al, 2000; Sinha and Pappu, 1998), thus it is important to examine further the dimensionality of consumer based brand equity construct. Another suggested area for improvement in the research of Yoo and Donthu (2001) and Washburn and Plank (2002) is that both these research were based on student samples. Works by Pappu, Quester and Cooksey (2005) attempted to improve the measure of consumer based brand equity, by including more discriminating indicators in the scale and also by including a sample of actual non-student consumers. To have a sample of actual non-student consumers both American and Australian consumer samples were considered for the study.

Micheal Leisure (2003) in his work stated that the measure of customer loyalty has a distinct tie to financial performance, in that loyal customers make repeat purchases of the brand of their choice over the lifetime of their relationship with them. The ability of maintaining loyalty translates to higher future profit per customers. The loyal customers coming back again and again actually drives the market share up for any company over a period of time. Brand Keys, a brand and customer loyalty research firm, demonstrated the power of customer loyalty (1998). They showed that an increase in customer loyalty by 5%, would in fact lift the lifetime profits per customer by as much as 100%. The study also indicated that, in certain businesses, increasing customer loyalty by just 2% had the same bottom line equivalent as a 10% cost reduction.

Susan Schwartz McDonald (1990) proposed to measure brand equity by the extendibility of the brand. He opined that if consumers answer positively such questions, as "Would a line of 'X' products by company Q make you think better of the company, less or have no effect, it is a fairly strong indication that the equity of the brand is higher. But as per the researcher himself, this is the 'thorniest' issue of all types of consumer based brand equity measurement.

Two of the key measures relating to brand association and hence consumer based brand equity are 1) Creating appropriate brand meaning through strong, favorable and unique brand associations; 2) eliciting positive, accessible brand responses, hence the brand personality inferences drawn by consumers are of paramount importance. G.V. Johar et al (2005) have tried exploring the updating of brand personality inference and updating people who are chronic vs. non chronic on a trait. Chronics were defined as people who tend to activate and use specific personality traits to a higher degree while non-chronics are people for whom the trait is not accessible. Their results suggested important differences in the way new brand information is incorporated, even when similar initial personality impressions have been formed. The chronics lowered their initial positive personality ratings only when they were exposed to information containing negative trait associations. In contrast, non-chronics receiving incoming information updated their beliefs on the basis of an evaluative inference mechanism, whereby information is examined for overall evaluative implications rather than for trait related inferences. This pattern of results was robust across decision contexts, personality domains and different measures of chronicity. Building on the ideas of information economics and market signaling theory, a formal conceptual framework for explaining the creation, management, transfer and measurement of brand equity has been proposed by Erdem and Louviere (March 1993). This is the first step in the operationalization of the framework and was done by developing a method for measuring brand equity built upon a theory of consumer behavior. Specifically designed choice experiments, accounting for brand name, product attributes, brand image and consumer heterogeneity effects are proposed as the method for quantifying a brand equity measure called the Equalization Price (EP). Given an existing market structure, rand images built over time by advertising and product experiences, consumer brand perception and preferences, EP is a measure of the implicit value to the individual customer of a brand in a market where some degree of differentiation exists vis-à-vis its implicit value in a market with no brand differentiation. The proposed measure can be used for both existing products and proposed brand name extensions, so it can double as a product concept-screening tool.

6. MEASURES RELATING TO FINANCIAL MEASUREMENT

It has long been recognized that brand names are valuable to companies, and only recently serious attempts have been made to estimate their value (Farquhar 1989, Lipman 1989).The current interest in brand valuation stems from the escalating costs of developing new brands, leading to prevalent usage of brand extension and international expansion (Tauber 1988). However, increasingly, marketing managers of today believe that too much emphasis is being placed on short-term performance, which can reduce the long term performance of brand (Leuthesser, 1988).Another method of estimating the brand equity of a firm is derived from financial market estimates of brand related profits. Numerous methods are currently in use, but there is little agreement as to their relative strengths and weaknesses (Lipman, 1989). There are two specific approaches to the same: the macro approach estimates brand equity at the firm level. This estimate of brand equity is of interest because they allow a firm to compare the effectiveness of its portfolio of marketing policies to others in the industry. But one drawback of this approach is that it does not provide estimates of brand equity at individual brand level.

The micro approach isolates the brand equity at individual brand level by measuring the response of brand equity to major marketing decisions. Since the value of a firm's securities changes as new information hits the market, the estimate of firm level brand equity adapts to marketing decisions, like new product introduction and major advertising campaigns. This approach allows evaluation of the impact of specific marketing decisions made by the firm and its competitors. One drawback of this method is that the stock market data are noisy, so only major events would have a sufficiently large impact on brand equity to be detected. In addition, this process requires knowledge as to when stock market first learnt of the decision.

An approach, developed by Mahajan et al. (1990), measures brand equity under the conditions of acquisition and divestment. Their methodology is based on the premise that brand equity is dependent on the ability of the owning company to utilize brand assets. An alternative approach deals with the brand replacement cost, which is the cost of establishing product with a new brand name. For example if it costs Rs. 10 crores to launch a new product and the probability of success is 25%, then the expected cost of establishing a new brand name is Rs. 40 crores. Thus, this approach measures only one component of brand equity its value in launching new products. The method, however, provides no information about the value of a brand's equity in its current usage from existing products.

There can be another approach financially to judge a brand's equity and it is based on brand earnings multiplier.

One technique multiplies the brand's "weights" by the average of the past three year's profits (Inter brand Group). The brand weights are based on both historical data, such as brand share and advertising expenses, and individual's judgment of other factors, like stability of product category, brand stability and its internationality. This technique, however, produces biased and inconsistent estimates of brand equity due to its usage of historical data, which do not accurately translate to future earnings. Furthermore, reliance on individual's judgment makes it difficult to apply the technique consistently in different time periods or across different companies.

The technique proposed for measurement of brand equity by Simon and Sullivan (1993), overcomes several limitations inherent in other approaches. First, it uses objective market based measures and thus permits comparison across times and companies. Second, it implicitly incorporates the effect of market size and growth, and any other factor influencing future profitability. Third, it accounts for both the revenue enhancing and cost reducing capabilities of brand equity. Simon and Sullivan have defined brand equity as the incremental cash flow that accrues to the branded products over and above the cash flows resulting from the sales of unbranded products. The significance of the coefficients in macro analysis and the response of brand equity in microanalysis through this methodology show that marketing factors have a reflection in stock prices. The major limitation of this method is that the approach estimates the aggregate value of corporate brand and not the value of individual brands. In its ranking of the best global brands by brand value, a consulting company, Interbrand, has identified the revenue generated from products and services with the brand. From these branded revenues, operating costs, applicable taxes and a charge for capital employed to derive intangible earnings are deducted. Brand values are defined as the dollar value of a brand calculated as the Net Present Value (NPV) or today's value of the earnings the brand is expected to generate in the future. The brand value is calculated in their current use to their current owner. This is also a logical approach as it rewards the intangible assets after the tangible assets have received their required return.

Creating strong brand equity, that is, building a strong brand is a very successful strategy for differentiating a product from its competing brands (Aakar, 1991). Brand equity provides sustainable competitive advantages as it creates meaningful competitive barriers. Brand equity is developed through enhanced perceived quality, brand loyalty and brand awareness / associations, which cannot be built or destroyed in the short run but can be created in the long run through carefully designed marketing investments. Thus brand equity is durable and sustainable and a product with sustainable brand equity is a very valuable asset to a firm.

For a marketing manager, it is imperative to know how much equity his / her brand commands in the market. This helps him take decisions like how much price premium he can charge over his competitors and how premium the customers feel the brand is to them. To be useful any measure needs several properties. It needs to be reasonably stable over time and yet vary with the marketing mix variables in a reasonably expected way. It should also vary across product categories in a sensible way. Finally, since equity is expected to insulate a brand from price competition, equity should be associated with price sensitivity. The major discussions in this study relate to the different broad heads under which studies were initiated to measure brand equity of products. On the outcome at a product market level brand equity is measured as the price premium commanded by the brand over its competitors or the ease of extendibility of the brand name to other products in the same category or different category of products. With respect to the measures relating to the customer mindset, brand equity is the added value of the brand to the consumers. As regards the measurements relating to different financial methods, brand equity may be measured with respect to acquisition and divestment, the cost involved of establishing a product with a new brand name, the brand earnings multiplier or the potential of incremental cash flow that the brand offers to the company.

7. CONCLUSION

A Conclusion that may be drawn from the review of Brand Equity Measures presented above is that there is need for more research on certain aspects of the topic. For example, brand equity varies from product to product as also from country to country (Lee, Yoo and Donthu, 2000). Hence measuring brand equity in a product category like automobile and then replicating the results to a consumer durable product like a refrigerator may not be the right approach. Many of the researches that have been undertaken have used a single measure of brand awareness (Pappu, Quester and Cooksey, 2005). The same can be a hindrance because confirmatory factor analysis requires a minimum of three indicator variables for each exogenous construct. Multiple measures of brand awareness is thus another area that needs to be studied. Again, brand equity is dependent on the distribution model a company follows as also the dimensions of brand equity (Donna F. Davies, 2003). Brand equity measurements in one product category and country thus would vary from another. Hence, caution should be exercised in replicating one set of findings to another study. In some cases, while measuring brand equity, researchers have considered the last brand purchased as the brand with which the customer have the maximum equity (the choice model, Park and Srinivasan, 1994). In many cases, this may not be the best model to work with as customers may choose a brand that was available in the store. In such cases, survey and scanner panel data from the same respondents can solve the problem, but doing so have proven impossible in many situations (Bucklin and Srinivasan, 1991). Particularly in the Indian context, it would be interesting to measure the strength of the Brand equity of mass merchandisers as they are growing fast in the country. Given the fact, that spending on Brand Building activities is fast increasing in the country, it would indeed be of value to find answers to the above queries.

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