Emerging Paradigm of Brand Equity in Strategic Brand Management: A Theoretical Analysis

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Abstract:

The rapid evolution of technology requires rapid changing product portfolio and continuous analysis of the markets. Fragmentation of mature markets and the emergence of consumer groups with specific needs and requirements impose strategy market segmentation possible only on the basis of detailed information. These changes contributed to the strengthening of strategic marketing in the company, and made possible some operational directions: All aspects of strategic marketing principles must be reflected in overall branding strategy. Strategic brand is of vital importance for the organization. It is a brand that was planned to succeed, and from this point of view will need all the funding from the organization in order to fulfill his role. The present study reflects upon the linkage points between the strategic brand management and brand equity with the emphasis in new developments in brand equity conceptualizations. The study gives a conceptual review of different dimensions with focus on consumer's perspective. The research is conceptual in nature and carried out by intense survey of literature and secondary data. The study concludes that that has been a gradual evolution in development of literature from strategic marketing to new dimensions of brand equity.

Introduction

Strategic marketing is the process of systematic and permanent review of market needs and it helps company to develop new competitive products for specific groups of buyers and exhibit distinctive qualities from those of competitors, thus ensuring a sustainable competitive advantage. It includes functions that logically and chronologically precede production and sales process like: analysis of internal and external environment of the company, setting goals and marketing strategies, target markets, positioning, product design, pricing, establishing distribution channels, establishing a communication strategy and promotion.

Strategic Marketing has the following characteristics: a. The decisions have long-term consequences; b. Environmental monitoring is done (which is considered dynamic and complex) to quickly identify opportunities and unfavorable situations; c. Create synergies between activities that form the value chain; d. Adopt a proactive perspective on the environment; e. Stimulates continuous creativity and innovation in the company; f. Identify strategic areas of attractive activities.

Increasing the role of strategic marketing in the decision making process of the company was driven by a number of environmental changes which include acceleration in the diffusion of technical progress, maturation and fragmentation of markets, increasing the internationalization level of markets The rapid evolution of technology requires rapid changing product portfolio and continuous analysis of the markets. Fragmentation of mature markets and the emergence of consumer groups with specific needs and requirements impose strategy market segmentation possible only on the basis of detailed information. These changes contributed to the strengthening of strategic marketing in the company, and made possible some operational directions: fundamental activities on solid and clear strategic options, developing certain systems for permanent monitoring of the environment and the competition, strengthening the capacity to adapt to environmental changes, regular renewal of the product portfolio. Strategic marketing has two components: the strategic analysis and the strategic decision. Conceptually, the two notions (branding and strategic) are intrinsically linked, branding is in its essence a strategic decision that follows through its structure to achieve several key objectives. Other considerations to be taken into account when developing a branding strategy and strategic move to implementation stage, as that market structure is always dynamic and not static. From this point of view, establishing a rigid course of action will not allow any organizational or operational flexibility, with disastrous effects on today's markets. If branding strategy does not take into account the strategic adaptation to market requirements and has a rigid trajectory in relation to history and brand standards, then the company can get in a situation where the brand is exceeded or used in relation to the market and beat in relation to other brands. Branding objectives, from strategic marketing perspectives, may focus on these elements:

- Strategic Competitiveness- goal achieved when the company manages to successfully formulate and implement a strategy that creates value
- Sustainable competitive advantage goal achieved when the company develops strategies that main competitors have not developed and have not applied at the same time. These strategies bring current and potential benefits to the company because competitors cannot duplicate them.
- Profitability above average- applying strategic angle of approach to the market, investors will be satisfied as projected turnover and profit rates will range in the optimistic scenario.

All aspects of strategic marketing principles must be reflected in overall branding strategy. Otherwise, it will be very easy to install a feeling of confusion, both visual and concerning other perceptions of the brand. The strategy gives concentration and targeting to the brand, preparing the necessary platform for marketing management in the process of gathering the outcomes from brand's consistency and related activities. Marketing is building a brand in the mind of a consumer. If you can build a strong brand, you have a powerful marketing program. If you cannot, then no advertising, no creative packaging nor all sales promotions and public relations in the world will help you reach your goals. In the brand's portfolio there are many roles that certain brands can play. The most important thing is that the roles are not mutually exclusive. A brand can be both strategic and energizing and after a while it is possible to migrate to the cash cow. Strategic brand is of vital importance for the organization. It is a brand that was planned to succeed, and from this point of view will need all the funding from the organization in order to fulfill his role.

Brands and branding, like every other artful tactics in marketing, have their own function to perform. Allowing the customers to draw on their experiences while making choices for the products they buy, prevents them from unnecessary botheration and therefore strategic approach towards brand making is what are both the requirement and the challenge. Brands perform functions at various levels. Primarily brands act as yardsticks for the offerings that a firm or industry makes. On the end of customers, choice simplification, quality assurance, reduction of risk and fostering of trust is what a brand has to offer. Brands are themselves determinants and the outcomes of the product itself, which encompasses marketing activity, and their reception by customers. Replication of the experience that customers have with products is pertinent of its functions while also playing a part in deciding the strength and quality of marketing efforts such as segmentation, targeting positioning, distribution and advertisement channel placement. Brands are a valuable asset in the financial and non-financial sense. To sum up, brands manifest their impact at three primary levels – customer-market, product-market, and financial-market. Philip Kotler (2000) said "*a seller's promise to deliver a specific set of features, benefits and services,* *consistent to the buyers has become so such a strong force today that hardly anything goes unbranded*"

Brand and Commodity: Brands have been defined variously as 'the public image of a business, product or individual', "a reason to choose' the 'intersection of promise and expectation' and even 'love marks'. Similarly, definitions of commodities range from the very simple, 'a raw material that can be bought and sold' to the ideological, 'capital is commodities', to the more complex, 'a good for which there is demand, but which is supplied without qualitative difference across a market'. In this paper we deliberately take a narrow approach to a complex field and confine ourselves to product brands that are proprietary through intellectual property such as trademarks. When discussing commodities, we include agricultural products such as sugar, bananas, cocoa, cotton, beef and milk while excluding manufactured goods with multiple ingredients such as chocolate. In brief, the definitions used here are:

Brand: Intellectual property that distinguishes one product from another.

Commodity: Primary agricultural product typically traded in bulk with minimal processing.

Brand Building Process: Branding is not just glossy advertising. A brand comprises all that distinguishes one product or service from similar competitors — from advertising and packaging to provenance and ethics. For basic commodity products, it may seem unlikely that consumers will recognize such distinctions, but the task is little different from branding many other consumer products. There is no more physical variation between brands of mineral water, for example, than types of sugar or beef. To distinguish one commodity product from another, branding efforts must combine marketing expertise, an efficient supply chain, financial resources and effective organization. Brands should be seen as an integral part of making supply chains sustainable and profitable. This means abandoning a classic mind-set about commodities: upon successful branding, commodities' core value lies not in the physical products but in the brand or intellectual property owned in the country of origin. The case of mineral water is the most obvious example of the potential for adding value to basic commodity products in the developing world.

Literature Review

Brand equity is a concept which measures the value of brand in the marketplace. A brand with high equity means it carries a high value in the marketplace or market space. High brand value refers to the capability of that the brand to create some type of positive differential response in the given marketplace. ``Brand equity'' is a term to understand and study the relationship between the brands and the customers which has found origin in the marketing literature in early 1980s. Arousing deep interest among business and marketing strategists across a wide variety of industries, it is related with brand loyalty and brand extensions. Like the concepts of brand and added value, it has proliferated into multiple meanings.

Brand equity is defined by accountants differently from marketers, with it being defined both in terms of the relationship between customer and brand (consumer-oriented definitions), or as something that accrues to the brand owner (company-oriented definitions). Keller (1993) while defining the concept, also takes the later approach, that is consumer-based brand strength approach to brand equity, suggesting that brand equity represents a condition in which the consumer has some knowledge of the brand and draws on that familiarity, finding some favorable, strong and unique brand associations. Hence, there is a differential effect of brand knowledge on consumer response to the marketing of a brand. Winters (1991) relates brand equity to added value by suggesting that brand equity involves the value added to a product by consumers' associations and perceptions of a particular brand name. Leuthesser (1988) offers a broad definition of brand equity as "*the set of associations and behavior on the part of a* *brand's customers, channel members that permits the brand to earn greater volume or greater margins than it could without the brand name. When marketers use the term `brand equity' they tend to mean brand description or brand strength. Brand strength and brand description are sometimes referred to as consumer equity."*

New Dimensions in Brand Equity Conceptualization:

There have been new developments in understanding of consumer based brand equity that open a new perspective for the measurement of brand equity. These dimensions have been classified as brand love, brand experience, customer equity and customer brand relationship..

i) Brand relationship: There has been lot of research done to understand the relationship marketing. Social and symbolic value also gives a reason to consumers to buy a brand (Steenkamp and Geyskens 2014). Researchers basically try to find the answer for drivers of the relationship between the brand and consumer. Webster in 1992 made an early attempt to understand this relationship. The significant research pertaining to the consumer's relationship with the brand was done by Belk in 1998 where he focused on the area of self-concept in relation with consumer's perception about the brand. A seminal study was published by Susan Fournier in 1998 to determine the model in understanding the consumer's relationship with their brands. In his study he suggested that a meaningful relationship is served by these brands and this consumer brand relationship are useful for the consumer as well as for the firm. The advantage of this study is that he was able to justify the usefulness of brand loyalty dimension through the consumer relationship perspective (Fournier, 1998). He argues in his research that brand is no just a passive entity but an active partner of this relationship. This acts as a evidence for the significance of brand for marketing actions. His study was based on women from different past histories and demographic background. He used depth interviews to collect his data for observations. It was concluded that the women establish a relationship with the brands they used. It was not just about the physical appearance of the product (kitchenware and wardrobes) but also about the emotional connection they develop with the brand. Fournier then tried to use idiographic technique to establish a connection between the identity of respondents and their relationship with the brand. The result of the study was that it tries to explain how the identity and self-image that consumers have, affects the choice of the brand. Finally a model was developed to understand the consumer brand relationship strength, quality and depth. He used a brand relationship quality model of following constructs: self-connection, love and passion, interdependence, commitment, intimacy and partner-brand quality. The brand relationship quality framework is illustrated in following figure:

Fig 1

ii) Brand Love: The love consumer's show towards their brands was first studied by Ahuvia in 2005. In 2006 Carroll & Ahuvia suggested that brand love allows researchers to understand and predict the desirability of the brand by the consumer and thus helps us to predict the consumer behavior. Further in 2007 Kamat & Parulekar suggested that a bond is formed by a consumer with their brand and the love of consumer towards their brand is the underlying reason for this relationship. The brand love is depicted by brand loyalty. They suggested that this brand love has the symptom like brand loyalty or repeated purchase. Sternberg (1988) suggested a love triangle where they used a scale consisting of twenty four items to measure this brand love. In their conceptualization they argue that this brand love consists of five dimensions which are commitment, admiration, contentment, friendship and yearning. Brand love as defined by Keh *et al.* (2007) as "the intimate, passionate and committed relationship between a customer and a brand, characterized by its reciprocal, purposive, multiplex and dynamic properties." Their study suggests that unlike brand loyalty that is supposed to be unidirectional, brand love is a relationship in both directions between the brand and the consumer. Similar type of study was done Batra *et al.* (2012) where they stated that the consumers may often genuinely love few brands, but this love is different from that of interpersonal love. Albert *et al.* (2008) considered the self-identity of consumer as the main component in the determination of intensity of brand love. They suggested that this brand love is not just an emotion but a greater degree of relationship between a consumer and brand. They developed a scale composed of seven dimensions for understanding brand love. These dimensions are self-brand integration, passion driven behavior, long term relationship, positive emotional connect, overall attitude valence, certainty or confidence and anticipated separation distress. So finally brand love can be considered as a part of brand customer relationship and an important dimension which needs to be studied in order to understand and measure consumer based brand equity.

iii) Brand Experience:

Holbrook & Hirschman (1982) were the first ones to study brand experience. Later on in 1998 Pine & Gilmor published a book and a paper on the same concept. They suggested that "an experience occurs when a company intentionally uses service as the stage and goods as props to engage individual consumers in a way that creates a memorable event." The role of experience in branding was then studied by many other researchers (Lee *et al.*, 2010, Morrison & Crane 2007). Schmitt in 1999 came out with his study of brand experience where he suggested that the Aaker's (1991) model does not shed much light on brand as a source of affective, rational and sensory associations which are supposed to play an important role in consumer's experience of the brand. He suggested that a consumer can have five types of different experiences which are: the sensory experience which is related to our five senses of touch, taste, sound, smell and vision: experience of act consisting of behavioral experience and physical experience: relative experience consisting of social identity where a consumer relates itself to a group or a section: experience of thought where the consumer has a cognitive experience in which he finds same aspects of brand innovative and creative. Zarantonello *et al.* (2007) defined brand experience as "the consumer experiences with a brand arises when consumers are exposed to brand and pay attention to experimental aspects of brands executions." They suggest that a consumer may have five types of brand experiences which are social experiences, affective experiences, intellectual experiences, sensory experiences and bodily experiences. They used a scale of three dimensions to measure the brand experience. These dimensions consists of think dimension, act dimension and the third dimension consisted of sense, feel and relate dimensions put together into one dimension only. In 2009 Brakus *et al.* explained brand experience as "sensations, feelings, cognitions and behavioral responses evoked by brand related stimuli that are part of a brands design and identity, packing, communication and environment." They used four dimensions to measure brand experiences. These dimensions include intellectual, affective, behavioral and sensory dimensions. Their scale of measurement consists of twelve items. In their study they concluded that consumer satisfaction and brand loyalty is affected directly or indirectly by the brand experience. In 2012, Lee & Kang suggested that to assure brand loyalty and to build a strong brand relationship, brand experiences become a very important factor. Their study establishes a connection between understanding of brand equity and brand association. They suggest that a positive brand experience leads to stronger customer brand relationship and stronger brand attachment.

iii) Customer's Equity:

is defined by Rust *et al.* (2000) as "the total discounted life time values summed over all of the firm's current and potential customers. In 2001 Lemon *et al.* suggested their conceptualization of the customer's equity. They suggested that the customer's equity can be of three types which include brand equity, value equity and relationship equity. The customers brand relationship does not have much relation with relationship equity; however the brand relationship reflects the customer brand relation on the basis of cognitive phenomena. On the other hand the relationship equity is symbolized by customer retention and it takes the customers life time value into the account. Rust *et al.* (2004) argued in his research that at many situations customer equity seems to be more significant for the company than the brand equity itself. Many researchers like Lee & Kang 2012, Chang & Chieng (2006) suggested that there is not much implication of customer brand relationship for the customer equity dimensions.

Conclusion:

All aspects of strategic marketing principles must be reflected in overall branding strategy. Strategic brand is of vital importance for the organization. It is a brand that was planned to succeed, and from this point of view will need all the funding from the organization in order to fulfill his role. The present study reflects upon the linkage points between the strategic brand management and brand equity with the emphasis in new developments in brand equity conceptualizations. The study gives a conceptual review of different dimensions with focus on consumer's perspective. The study concludes that that has been a gradual evolution in development of literature from strategic marketing to new dimensions of brand equity. There have been new developments in understanding of consumer based brand equity that open a new perspective for the measurement of brand equity.. All these dimensions are separated from each other. Though they may show some relevance and correlation in their nature still there is enough research evidence to consider them separate dimensions for understanding brand equity

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