The Routledge Companion to Contemporary Brand Management

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Consumer-based brand equity

Publication details
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Published online on: 13 Jul 2016

Accessed on: 10 Oct 2022

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Consumer-based brand equity

Sally Baalbaki and Francisco Guzmán

Introduction

Brands today rule the marketplace. Years ago, when demand exceeded supply, good, high quality products ruled (Kotler, 2000). However, the marketplace evolved. As the quality of products became more standardized and the supply of these products started to exceed demand, consumer decision-making became more complex. Brands steadily gained power as they became facilitators of consumer decision-making in an oversaturated marketplace. Facing uncertainty and risk, consumers rely on value-adding brands as shortcuts to simplify their decisions among tens, and sometimes hundreds, of options (Kapferer, 1997). As sources of value, brands have become multidimensional concepts capable of capturing content, images, feelings, lifestyles, personalities, culture, and other characteristics that help a consumer deeply and uniquely associate, or disassociate, with a brand. As Bedbury and Fenichell (2002) define, brands are psychological concepts held in consumers’ minds.

As brands have become, if not the most important, one of the most important assets for any business (Kapferer, 1997; Davis, 2000), it is only natural that the conceptualization, study and measurement of brand equity has become an important topic for both marketing academics and practitioners (e.g. Aaker and Keller, 1990; Aaker, 1991, 1996; Keller, 1993; Ailawadi et al, 2003; Netemeyer et al., 2004; Erdem et al., 2006; Keller and Lehmann, 2006; Christodoulides and de Chernatony, 2010). Furthermore, consumers view brands in a personalized and unique manner, and ultimately the value each consumer derives from a brand is subjective. Therefore, several often-divergent view-points on the dimensions of brand equity, the factors that influence it, the perspectives from which it should be studied, and the ways to measure it’ (Ailawadi et al., 2003: 1) have emerged. In this chapter we provide an overview of brand equity in general, and consumer-based brand equity (CBBE) in specific. We review past efforts to measure brand equity and discuss some specific brand equity scales in detail. Finally, we provide some insights as to where we believe brand equity analysis and research is going. We hope that this chapter
serves as a general overview and study guide for the consumer-based brand equity concept, its seminal models, and measurements.

**Brand equity**

Most authors agree with Farquhar’s (1989) original definition of brand equity: ‘the added value with which a given brand endows a product’ (p. 24). This added value has three potential sources or perspectives. The first is the cognitive psychology perspective. According to this perspective a brand’s source of added value or equity stems from how consumers respond differently to a brand’s marketing mix given what consumers perceive and associate with a brand (i.e. Aaker, 1991; Keller, 1993; Anderson, 2007). The second is the information economics perspective. According to this perspective a brand’s source of added value or equity stems from the increased utility that a brand name gives to a product (i.e. Wernerfelt, 1988; Erdem and Swait, 1998). The third is the financial markets perspective. This perspective views the brand’s source of added value or equity as a financial measure: the firm’s market value minus its tangible asset value (i.e. Simon and Sullivan, 1993). More recently, a fourth perspective of added value or equity was proposed. King and Grace (2009: 130) define employee-based brand equity (EBBE) as ‘the differential effect that brand knowledge has on an employee’s response to their work environment’. This fourth perspective is particularly interesting as many ‘strong brands’ today are services or products with an important service component, and as such a company’s employees are critical in the delivery of the brand experience.

Of all the brand equity conceptualizations, Aaker (1991) and Keller (1993) developed the two most influential ones. According to Aaker (1991: 15) brand equity is ‘a set of brand 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 to that firm’s customers’. Aaker conceptualizes brand equity with four dimensions: brand awareness, brand loyalty, brand associations and perceived quality.

**Brand awareness** refers to ‘the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category’ (Aaker, 1991: 61). When consumers are exposed to a brand, the result is brand awareness. Therefore, the first step in building brand equity is building brand awareness. In order to measure brand awareness, we have to measure brand recognition and recall (Keller, 1993; Aaker, 1996).

**Brand loyalty** is the heart of brand equity. It is defined as ‘a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand, or same-brand set, purchasing despite situational influences and marketing efforts having the potential to cause switching behaviour’ (Oliver, 1997). Gil et al. (2007) have shown that loyalty is an important dimension of equity; and if brand loyalty is established, then brand equity will be the result. They conceptualize brand loyalty on the basis of consumer perception. Brand loyalty adds considerable value to a brand or firm because it creates a group of buyers that will be loyal for a long time and will less likely switch to a competitor due to price.

**Brand associations** are representations of what a brand means for a consumer and are ‘anything linked in memory to a brand’ (Aaker, 1991: 109). Any contact or experience a consumer has with a brand can create, change, or reinforce certain favourable or unfavourable associations (Keller, 2003). In order for associations to have a positive effect on brand equity, they must be unique, strong and favourable (Keller, 2003).

Finally, **perceived quality** is related to a consumer’s judgment of a product or brand’s overall superiority or excellence (Zeithaml, 1988). Therefore, firms have to genuinely increase the real quality of their brands and then communicate this quality through their marketing actions in
order to affect perceived quality in a positive manner. High perceived quality allows for consumers to be convinced about buying the brand; for differentiation of the brand from competition; and for the firm to charge a premium price and then extend the brand (Aaker, 1991).

Of Aaker’s four proposed dimensions, brand awareness, brand loyalty and perceived quality are relatively easy to measure; scales to measure these constructs have been tested and validated and are available for both academic and practitioner use. The brand association construct, however, has proven difficult to measure. Although conceptually brand associations are an important source of meaning and equity to a brand, they are ultimately individual consumer perceptions that are subjective and hard to measure.

In line with the perceptual nature of Aaker’s concept of brand awareness, Keller (1993) states that the power of a brand rests in consumers’ minds; on what they have learned, felt, seen, and heard about the brand through time. He thus defines CBBE as ‘the differential effect of brand knowledge on consumer response to the marketing of the brand’ (p. 2). He defines brand knowledge in terms of two components: brand awareness and brand image. Brand awareness is easy to measure in terms of recognition and recall. Recognition is the consumers’ ability to confirm prior exposure to the brand when given the brand as a cue. Therefore, it is consumers’ ability to recognize the brand when they see a picture of the logo for example. Recall is consumers’ ability to retrieve the brand when given the product category. For example, if you ask someone to list the first three fast food restaurants off the top of their head, then they are recalling the ‘top of mind’ brands for them. Brand image, on the other hand, is made up of all the perceptions about a brand as reflected by the brand associations held in consumer memory related to attributes, benefits and attitudes. Therefore, the objective is to create unique, strong and favourable associations in consumers’ minds that lead to a stronger brand image. These associations can be partially controlled with marketing mix tools. However, total control of a brand’s image is not possible given that many brand associations depend on aspects that are out of a firm’s control, e.g. external brand information, word-of-mouth, experience consumers have directly with the brand, consumers’ identification of a brand with a firm, country, place, event, or person that is not necessarily the one intended by the company, among many others.

Furthermore, and likewise the challenge of measuring brand associations, Keller’s brand image construct, is very difficult, if not impossible. Although conceptually sound, and undoubtedly important to the value of a brand, measuring consumer subjective perceptions in an objective manner has proven to be a challenging task for those who have ventured into trying to operationalize both Aaker’s (1991) and Keller’s (1993) CBBE models.

### Brand equity measurement

Attempts to measure brand equity based on all of the previously discussed perspectives have been made. At a consumer level (Aaker, 1991; Keller, 1993; Shocker et al., 1994; Lassar et al., 1995; Aaker and Joachimsthaler, 2000; Berry, 2000; Chen, 2001; Bendixen et al., 2003; Baker et al., 2005; Srinivasan et al., 2005; Tong and Hawley, 2009; Christodoulides et al., 2012), at a company or firm level (Farquhar et al., 1991; Cobb-Walgren et al., 1995; Dyson et al., 1996; Kapferer, 1997; Doyle, 2001; Kim et al., 2003; King and Grace, 2009), and at a financial market level (Simon and Sullivan, 1993; Aaker and Jacobson, 1994; Barth et al., 1998). Some attempts to develop models that encompass different perspectives of brand equity have also been made (Srivastava et al., 1998; Epstein and Westbrook, 2001; Keller and Lehmann, 2003; Burmann et al., 2009).

CBBE refers to consumers’ feelings of a particular product due to associations that are not necessarily related to specific product attributes, that is, associations that exist independent of the
product itself (Keller and Lehmann, 2006). The customer level measurement perceives the value of a brand to originate entirely from the consumers (what they buy, how they buy, why they buy, etc.). Therefore, consumers assign levels of value to brands when they favour one over the other. From the consumers’ point of view, brand equity is part of their attraction to or repulsion from a product (Keller and Lehmann, 2006). This perspective allows marketing managers to use an effective strategy in understanding and influencing consumer attitudes and behaviours. CBBE focuses on understanding consumers’ state of mind in brand selections and identifying the sources of brand values (Lassar et al., 1995; Yoo and Donthu, 2001; Baker et al., 2005).

Company or firm-based brand equity is the added value a company receives from a branded product that it would not have if the product were unbranded (Farquhar et al., 1991; Cobb-Walgren et al., 1995; Dyson et al., 1996; Kapferer, 1997; Doyle, 2001; Kim et al., 2003). A company benefits from a strong brand with respect to advertising and promotion effectiveness, brand extensions insulation from competition, and strong distribution (Hoeffler and Keller, 2003). According to Hoeffler and Keller (2003), there have been numerous measures, including increased advertising elasticity, decreased sensitivity to competitor prices, price premiums and the ability to secure and maintain distribution channels, that assess the impact of brand equity in the product market.

From a financial-based perspective, brands are assets that can be bought and sold for a certain price; this price is the financial worth of a brand. Several authors have looked at measuring brand equity based on financial market performance (Simon and Sullivan, 1993; Aaker and Jacobson, 1994; and Barth et al., 1998). Simon and Sullivan (1993) define brand equity as ‘the incremental cash flows which accrue to branded products over and above the cash flows which would result from the sale of unbranded products’ (p. 29). The authors measure a firm’s brand equity by deriving financial market estimates from brand-related profits. They do this by using the financial market value of the firm as a base and then extract the firm’s brand equity from the value of the firm’s other tangible and intangible assets. This then results in an estimate based on the firm’s future cash flows. Doyle (2001) contends that brand equity is explained by the ability of brands to create value by accelerating growth and enhancing prices. Therefore, brands function as an important driver of cash flow. These different measures have allowed for a different understanding of why and how companies or brands have been able to create or maintain high brand equity.

All of these attempts follow one of two complementary measurement approaches: (1) the direct approach, ‘which measures customer-based brand equity by assessing the actual impact of brand knowledge on customer response to different marketing elements’ (Baalbaki, 2012), and (2) the indirect approach, ‘which assesses potential sources of customer-based brand equity by identifying and tracking customers’ brand knowledge structure’ (Baalbaki, 2012) (see Table 3.1). Some direct approach examples include financial or market-outcome-based measures such as brand equity as a measure of brand extendibility (Randall et al., 1998), brand equity as a price premium measure (Holbrook, 1992; Randall et al., 1998), and brand equity as a revenue premium (Ailawadi et al., 2003). Indirect approach examples measure overall brand equity through multiple dimensions (e.g. Lassar et al., 1995; Yoo and Donthu, 2001; Vazquez et al., 2002; de Chernatony et al., 2004; Christodoulides et al., 2006; Baalbaki, 2012; Christodoulides et al., 2012; Veloutsou et al., 2013).

Direct approaches

Srinivasan (1979) compares actual choice preference with consumer preferences to measure a ‘brand–specific effect’ (i.e. brand equity): ‘the difference between overall preference and the
preference estimated by the model is quantified into a monetary scale’ (Baalbaki, 2012). This direct measurement method is limited as it only provides segment-level estimates of brand equity and does not analyse the potential sources of brand value. Park and Srinivasan (1994) develop a scale and measure brand equity within a single product category. They measure brand equity at the individual level by analysing two components: attribute-based (consumer evaluations of the physical characteristics of a brand) and non-attribute-based (consumer evaluations of the brand based on symbolic associations). This method, however, treats the non-attribute-based component of brand equity as a single set of associations, barring the possibility for a deeper understanding of how consumers assess brands. Jourdan (2002) refines Park and Srinivasan’s (1994) measurement. He notes that their measure includes an error term and, through a repeated measures experimental design, shows that this error is not minor. Although Jourdan’s (2002) method can be considered superior to prior models, its complex experimental design makes it difficult to use.

Building on the information economics paradigm, Swait et al. (1993) use the entire value attached to a brand instead of isolating specific factors. They argue that a brand equity measure should encompass its total utility given that the effect of brand equity occurs throughout all factors of the utility function. They thus propose ‘equalization price’ (EP) as a measure of CBBE. EP measures the differential of a brand’s implicit market value versus its implicit value in a market void of brand differentiations. Their method calculates CBBE at an individual level, identifies antecedents of brand associations, and determines the weighted importance of each antecedent in terms of consumer utility. The model is nevertheless limited as it assumes that all consumers have identical preferences and thus is only appropriate for testing specific market segments.

Using real purchase data from supermarket checkout counters, Kamakura and Russell (1993) use a segment-wise logit model to estimate brand value. They identify two sources of equity: ‘brand value’—which serves as a diagnostic for brand competitiveness—and intangible brand value—which isolates the utility associated to subjective perceptual factors. This method is limited as it only evaluates CBBE at an aggregate level, similar to Srinivasan (1979), and requires scanner data. Leuthesser et al. (1995) assume that personal evaluations are biased given consumers’ predisposition towards brands they know. They argue that this predisposition, or psychological ‘halo effect’, is the basis of brand equity. They isolate and measure this ‘halo effect’ by using two techniques: ‘partiallying out’—which is to compute partial correlation coefficients between attribute ratings after taking into account the effect of overall brand evaluation—and ‘double centring’—to remove response-set bias and halo effect from the rating data. This method is limited as it does not indicate the underlying dimensions of consumer-based brand equity, it only measures equity at the aggregate level, and it is difficult to use.

Shankar et al.’s (2008) brand equity measurement is based on both consumer and financial measures—relative brand importance and value offering. They combine consumer factors such as brand associations, brand reputation, brand fit, brand trust, brand fame, brand innovation, brand regard and brand uniqueness with model estimation to come up with a model for estimating, tracking and managing brand equity for multicategory brands. The method is limited as it does not consider that brand-level financial measures may be unavailable, and because as an aggregate measure of brand equity it only measures relative brand importance at the individual level.

**Indirect approaches**

Lassar et al. (1995) propose performance, value, social image, trustworthiness and commitment as CBBE dimensions and test their scale using consumer survey data from two product
categories: watches and televisions. ‘Their 17-item Likert scale has adequate levels of internal consistency and discriminant validity’ (Baalbaki, 2012), but the scale does not include any behavioural components nor the authors report the scale’s external validity.

Vazquez et al. (2002) propose brand name functional utility, brand name symbolic utility, product functional utility and product symbolic utility as CBBE dimensions and test their scale using data from the sports shoe category in Spain. Their 22-item scale has reasonable levels of reliability and validity and is easy to use. Kocak et al. (2007) try to replicate their results in Turkey, using the exact same 22-item scale in the sports shoe category, but find that the original scale does not work for the Turkish sample and adapt the scale to 16 items. This set of studies highlight that consumers in different cultures evaluate brands differently, and the potential need for culturally specific brand equity scales.

Specific industry brand measurements have also been developed. De Chernatony et al. (2004) have developed a brand performance measure for financial services brands. They propose brand loyalty, satisfaction and reputation as CBBE dimensions. Christodoulides et al. (2006) have developed a 12-item measure for brand equity in an online retail/service (ORS) and analyse how the Internet and new technologies have allowed consumers to become brand value co-creators. They propose emotional connection, online experience, responsive service nature, trust and fulfilment as dimensions of e-tail brand equity. Both studies use consumer survey data to measure and validate their scales.

Boo et al. (2009) have developed a measure for measuring the brand equity of tourist destinations. They propose destination brand awareness (DBA), destination brand image (DBI), destination brand quality (DBQ), destination brand value (DBV), and destination brand loyalty (DBL) as CBBE dimensions. They test their scale using two destinations – Las Vegas and Atlantic City – and conclude that destination-specific items must be considered for measuring destinations’ brand equity. Rajasekar and Nalina (2008) measure the brand equity of India as a country and identify performance, social image, value, trust-worthiness and attachment as CBBE dimensions. Their results indicate that performance, trust-worthiness and attachment are the dimensions that have significant influence on the overall equity of the India brand.

Yoo and Donthu’s (2001) brand equity scale is the most robust in the literature to date (Christodoulides and de Chernatony, 2010). Based on Aaker (1991) and Keller (1993), their multidimensional brand equity scale (MBE) results in three dimensions – brand loyalty, brand perceived quality and brand awareness/associations. They have also developed an overall brand equity construct to assess the scale’s convergent validity. The scale, however, has its limitations. Baalbaki (2012) argues that one of the main reasons for this scale not being fully functional is because it is not customer-focused. They add that most scales available in the literature have been developed based on purely conceptual models (i.e. Aaker, 1991 and Keller, 1993). As a consequence, and as previously discussed, constructs such as brand associations, which are fully subjective, become very difficult to measure. Baalbaki (2012) also argues that the fact that the two most influential models were purely theoretically developed, and that all of their constructs and measurements have been developed without confirming or validating their relevance to consumers, has led to the lack of a fully functional, easy to implement, universally accepted consumer-based brand equity scale.

Two recent efforts, however, are worth highlighting. Both suggest alternative scales not purely based on conceptual models. Christodoulides et al. (2012) conduct qualitative research with brand management experts to identify brand equity dimensions, and then test and validate their scale in a multinational study. Their conceptualization of brand equity includes five dimensions: awareness, heritage, uniqueness, reliability and willingness to sacrifice. Likewise, Baalbaki (2012), conducted qualitative research with consumers to identify what they label as
Table 3.1 Brand equity measurement approaches

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<thead>
<tr>
<th>#</th>
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<th>Year</th>
<th>Use</th>
<th>Description</th>
<th>Base conceptualization</th>
<th>Dimensions</th>
<th>Definition of brand equity</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Srinivasan</td>
<td>1979</td>
<td>measurement</td>
<td>use the multi-attribute model to measure consumer-based brand equity</td>
<td>n.a.</td>
<td>n.a.</td>
<td>‘brand-specific effect’ is the component of a brand’s overall preference that is not explained by the multi-attribute model</td>
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<td>2</td>
<td>Kamakura and Russell</td>
<td>1993</td>
<td>scale</td>
<td>looked at perceived quality and brand intangible value of CBBE</td>
<td>n.a.</td>
<td>perceived quality, brand intangible value</td>
<td>the implied utility or value assigned to a brand by the consumer</td>
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<td>3</td>
<td>Swait et al.</td>
<td>1993</td>
<td>scale</td>
<td>Equalization Price as a measure of brand equity</td>
<td>n.a.</td>
<td>n.a.</td>
<td>propose a measure of consumer-based brand equity called ‘Equalization Price’ (EP) which is the monetary expression of the utility a consumer attributes to a bundle consisting of a brand name, product attributes and price</td>
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<td>4</td>
<td>Park and Srinivasan</td>
<td>1994</td>
<td>measurement</td>
<td>achieved measurement of brand equity at the individual level</td>
<td>n.a.</td>
<td>attribute-based brand equity, non-attribute-based brand equity</td>
<td>the difference between an individual consumer’s overall brand preference and his or her multi-attributed preference based on objectively measured attribute levels</td>
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<td>5</td>
<td>Leuthesser et al.</td>
<td>1995</td>
<td>scale</td>
<td>the halo effect measure of brand equity</td>
<td>Thorndike, 1920 and Keller, 1993</td>
<td>n.a.</td>
<td>from Keller: brand equity represents the value to a consumer of a product, above that which would result for otherwise identical products without the brand’s name</td>
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<td>1</td>
<td>Lassar et al.</td>
<td>1995</td>
<td>measuring customer-based brand equity</td>
<td>Keller, 1993</td>
<td>performance, social image, value, trustworthiness and attachment</td>
<td>brand equity stems from the greater confidence that consumers place in a brand than they do in its competitors. This confidence translates into consumers’ loyalty and their willingness to pay a premium price for the brand</td>
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<td>2</td>
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<td>1996</td>
<td>developing a comprehensive brand equity model</td>
<td>Keller, 1993</td>
<td>non-attribute-based brand equity</td>
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<td>3</td>
<td>Lassar et al.</td>
<td>1997</td>
<td>extending the measurement of customer-based</td>
<td>Keller, 1993</td>
<td>non-attribute-based brand equity</td>
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<td>4</td>
<td>Lassar et al.</td>
<td>1998</td>
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<td>Keller, 1993</td>
<td>non-attribute-based brand equity</td>
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<td>Jourdan</td>
<td>2002</td>
<td>measurement amendment and improvement of the</td>
<td>Park and Srinivasan,</td>
<td>attribute-based brand equity, non-attribute-based brand equity</td>
<td>the difference between the subjective preference and the objective preference vis-à-vis the product</td>
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<td>7</td>
<td>Ailawadi et al.</td>
<td>2003</td>
<td>scale propose and validate revenue premium as</td>
<td>Keller, 2003</td>
<td>revenue premium is the difference in revenue (net price x volume) between a branded good and a corresponding private label</td>
<td>from various authors: the marketing effects or outcomes that accrue to a product with its brand name compared with those that would accrue if the same product did not have the brand name</td>
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<td>8</td>
<td>Shankar et al.</td>
<td>2008</td>
<td>scale a multicategory brand equity model and its</td>
<td>n.a.</td>
<td>offering value (net present value or financial worth of an offering carrying a brand name) and RBI (relative brand importance derived from consumer brand choice and determined by brand image and other marketing-mix elements)</td>
<td>from Shocker and Weitz 1988: the net present value of the incremental cash flows attributable to a brand name and to the firm owning that brand relative to an identical product with no brand name or band-building efforts</td>
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### Table 3.1 Continued

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<td>Yoo and Donthu</td>
<td>2001</td>
<td>multidimensional brand equity scale</td>
<td>Aaker, 1991, 1996 and Keller, 1993</td>
<td>brand loyalty, perceived quality and brand awareness/associations</td>
<td>consumers’ different response between a focal brand and an unbranded product when both have the same level of marketing stimuli and product attributes</td>
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<td>Vazquez et al.</td>
<td>2002</td>
<td>developing and validating a measurement instrument for consumer-based brand equity</td>
<td>Kamakura and Russell, 1991 and Cobb-Walgren et al., 1995</td>
<td>product utility (product functional utility, product symbolic utility) and brand name utility (brand name functional utility, brand name symbolic utility)</td>
<td>the overall utility that the consumer associates with the use and consumption of the brand; including associations expressing both functional and symbolic utilities</td>
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<td>Aaker, 1991, 1996 and Keller, 1993</td>
<td>brand loyalty, perceived quality and brand awareness/associations</td>
<td>consumers’ different responses between a focal brand and an unbranded product when both have the same level of marketing stimuli and product attributes</td>
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<td>de Chernatony et al.</td>
<td>2004</td>
<td>developed a brand performance measure for financial services brands</td>
<td>depth interviews</td>
<td>brand loyalty, satisfaction, reputation</td>
<td>Marketing Science Institute (MSI) definition of Brand Equity</td>
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<td>Netemeyer et al.</td>
<td>2004</td>
<td>developing and validating measures of facets of customer-based brand equity</td>
<td>Aaker, 1991, 1996 and Keller, 1993</td>
<td>perceived quality, perceived value for the cost, uniqueness, and the willingness to pay a price premium for a brand</td>
<td>from Keller: CBBE occurs when the consumer is familiar with the brand and holds some favourable, strong, and unique associations in memory</td>
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<td>Pappu et al.</td>
<td>2005</td>
<td>an improvement to the measurement of consumer-based brand equity</td>
<td>Aaker, 1991, 1996 and Keller, 1993</td>
<td>brand awareness, brand associations, perceived quality and brand loyalty</td>
<td>from Farquhar: value endowed by the brand to the product</td>
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<td>Christodoulides et al.</td>
<td>2006</td>
<td>conceptualizing and measuring the equity of online brands</td>
<td>qualitative research</td>
<td>emotional connection, online experience, responsive service nature, trust and fulfilment</td>
<td>Online Retail/Service (ORS) Brand equity is defined as a relational type of intangible asset that is co-created through the interaction between consumers and the e-tail brand</td>
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<td>Kocak et al.</td>
<td>2007</td>
<td>replication of the consumer-based equity scale developed by Vazquez et al., 2002</td>
<td>Vazquez et al., 2002</td>
<td>product utility and brand name utility (revised scale from 22 to 16 items)</td>
<td>from Vazquez et al.: overall utility that consumer associates with the use and consumption of the brand, including associations expressing both functional and symbolic utilities</td>
</tr>
<tr>
<td>10</td>
<td>Guizani et al.</td>
<td>2008</td>
<td>working paper; development of a scale for consumer brand equity using French consumers (non-students)</td>
<td>Aaker, 1991, 1996 and Keller, 1993</td>
<td>brand loyalty, perceived brand quality, brand knowledge and social value</td>
<td>from Farquhar: value added by the brand name to the product</td>
</tr>
<tr>
<td>11</td>
<td>Lehmann et al.</td>
<td>2008</td>
<td>suggest a parsimonious set of brand measures that can be used to measure brand performance</td>
<td>Keller and Lehmann, 2003</td>
<td>comprehension, comparative advantage, interpersonal relations, history, preference and attachment</td>
<td>brand performance can be thought of in terms of four stages: awareness, image and associations, preference and attachment.</td>
</tr>
<tr>
<td>12</td>
<td>Rajasekar and Nalina</td>
<td>2008</td>
<td>a new measure of customer-based brand equity in India</td>
<td>Aaker, 1996, and Brucks and Zeithaml, 1991</td>
<td>performance, social image, value, trustworthiness and attachment</td>
<td>from Farquhar: value endowed by the brand to the product</td>
</tr>
<tr>
<td>13</td>
<td>Buil et al.</td>
<td>2008</td>
<td>new brand equity scale including personality dimensions (items from many different authors)</td>
<td>Aaker, 1991</td>
<td>Brand awareness, perceived quality, brand loyalty and brand associations (perceived value, brand personality and organizational associations)</td>
<td>from Aaker: a set of brand 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 to that firm's customers</td>
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<tr>
<td>14</td>
<td>Zeugner-Roth et al.</td>
<td>2008</td>
<td>country brand equity scale</td>
<td>Yoo and Donthu, 2001</td>
<td>country brand loyalty, perceived country brand quality and country brand awareness/associations</td>
<td>from Farquhar: define country brand equity as the value-added brought forth by the association of a product or brand with a given country name, as perceived by the individual consumer</td>
</tr>
<tr>
<td>15</td>
<td>Davis et al.</td>
<td>2009</td>
<td>measuring brand equity for logistics services</td>
<td>Keller, 1993</td>
<td>brand awareness, brand image, overall brand equity</td>
<td>from Aaker: a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product</td>
</tr>
<tr>
<td>#</td>
<td>Author</td>
<td>Year</td>
<td>Description</td>
<td>Base conceptualization</td>
<td>Dimensions</td>
<td>Definition of brand equity</td>
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<tr>
<td>16</td>
<td>Boo et al.</td>
<td>2009</td>
<td>developed a destination brand scale (used Las Vegas and Atlantic City as destinations)</td>
<td>Aaker, 1991, 1996, and Keller, 1993</td>
<td>destination brand awareness, destination brand image, destination brand quality, destination brand value and destination brand loyalty</td>
<td>from de Chernatony and McDonald, 2003: overall utility that customers place in a brand compared with its competitors</td>
</tr>
<tr>
<td>18</td>
<td>Christodouides et al.</td>
<td>2012</td>
<td>suggest an alternative scale to identify components of CBBE from the perspective of experts in brand management</td>
<td>Aaker, 1991</td>
<td>awareness, heritage, uniqueness, reliability and willingness to sacrifice</td>
<td>from Farquhar: brand equity is a key intangible asset that arises from past brand building activities and encompasses the added value endowed by the brand to the product</td>
</tr>
</tbody>
</table>

*Source: The authors*
truly consumer-perceived dimensions, and then validate and test the scale. They propose quality, preference, social influence, sustainability and leadership as consumer-perceived CBBE dimensions. All these factors are easily measurable with specific and objective scale items.

**Industry models**

Two industry models currently used by companies to measure brand value are Young and Rubicam’s BrandAsset Valuator (BAV) and Millward Brown’s Brand Dynamic models. Young and Rubicam’s BrandAsset Valuator (BAV) model profiles brands according to four key dimensions: differentiation, relevance, esteem and knowledge. **Differentiation** is about a brand’s ability to create a sustainable competitive advantage and it is the engine of the brand. **Relevance** is the brand’s ability to be personally meaningful. **Esteem** is the extent to which consumers like and respect a brand; it measures loyalty and how well a brand fulfills its promise. **Knowledge** measures the level of intimacy a consumer has with the brand. Differentiation and relevance form a measure of brand strength which is a leading indicator of future growth value; whereas esteem and knowledge form a measure of brand stature, which is a current indicator of current operating value. According to BAV, leadership brands excel on both strength and stature (BrandAsset Consulting, 2010). Coopers and Lybrand evaluate brand equity by comparing the premium price paid for a branded product with the price of unbranded products. Arthur Young Australia assess profitability of a branded versus unbranded product by accounting for things such as advertising, trademark registration and other branding expenses.

Millward Brown Optimor’s BrandZ defines the brand value as being equal to the branded intangible earnings multiplied by the brand contribution multiplied by the brand multiple (or projected earnings). What the company does is summarize the strength of a brand’s relationship with consumers using two key measures: presence and voltage. **Presence** measures how many people know about a brand and what it offers. Therefore, brands with high presence will be top of mind and in consumers’ consideration sets. **Voltage** is a measure of how efficiently a brand converts people from presence to higher levels of loyalty. Therefore, a brand with high voltage will be in a good position to grow its share of sales in the category. They then plot brands according to presence and voltage to create a map of brand equity made up of four quadrants. The estimation of total brand value is found by focusing on the strength of a brand’s relationship with consumers, making it possible to put a value on the current and future contribution that branding makes to a company’s bottom line (Millward Brown Optimor, 2010). For a more detailed discussion of the BrandZ methodology of financial valuation (and other methods) you can refer to the chapter on Brand Valuation Methods in this same Companion.

However, some of these brand valuations are limited as they sometimes make assumptions about different dimensions that they believe make up brand value (or equity) without asking consumers about what they value about a brand; in a way, they are making a guesstimate of different aspects that may or may not, as a whole, impact a brand’s equity. Therefore, just as Farquhar (1989) suggested, practically oriented methods that take into account experiences and comparative research to judge the validity and usefulness of brand valuation methods are still needed.

**Conclusions**

Considering that it was formally defined by Peter Farquhar in 1989, the analysis and study of brand equity is still relatively new. However, the importance of the concept in business has far surpassed the speed at which measurement scales have been developed. There is still a gap and...
lack of understanding as to how to reconcile the importance of subjective perceptions and associations for measuring the power, strength and equity of a brand, with the need to find an objective measure of these perceptions. No one would deny that brands, now more than ever, are owned by consumers; they shape them, they use them, and they even market and promote them. Consumers have become the storytellers, and the individual power of each unique story is part of the brand’s equity. In terms of conceptualization, both Aaker (1991) and Keller’s (1993) seminal pieces get it right. It has been, in our opinion, in the operationalization of these models that the measurement problems have emerged. What brand associations? What elements of the brand image? Researchers, in general, have followed and applied these models without questioning their validity and without identifying specific and measurable dimensions relevant to consumers.

In our experience as branding academics and consultants we have faced the challenge of this measurement. In talking to practitioners and the way they assess the equity of their brands, we have learned that given the lack of a usable measure, despite the fact they understand and agree with the multidimensionality of the concept, the use of a complex indirect method becomes a challenge, and thus they rely on single-item direct measures to have an approximate indicator of the value of their brands. We believe that the two most recent scale development efforts that we have reviewed in this chapter address this problem from its origin. Both develop scale measurements guided by the conceptual seminal models, but then, following a proper scale development process, rely on qualitative data – from management experts (Christodoulides et al., 2012) and consumers (Baalbaki, 2012) to identify specific, relevant and measurable dimensions. This market-oriented scale development approach is, in our view, a way to close the gap between the conceptual models and the difficulty to apply them.

Many questions still remain unanswered and the future of brand equity research is open and exciting. For example, is it even possible to talk about a single CBBE measure or does culture play an important role in how brands are valued in different contexts? Is it possible to reconcile the measurement challenges of consumer-based and financial-based brand equity? Does it make sense to have one overall measurement for both concepts or is it better to keep CBBE and FBBE as separate measures? Are the dimensions relevant for assessing a brand’s value equal in different industrial sectors, or are industry-specific measures necessary? Does the whole concept of brand equity need to be revisited 25 years later given the way consumers have become empowered and are the owners and quasi-managers of brands? We hope that the review that we have presented not only serves as a summary of past work on the topic, but as an invitation to keep challenging the established models and further advance brand equity research. One thing is for sure, as brands rule today’s marketplace, the power of brands, branding and brand equity is here to stay.

References


