

Brand Equity

Creating and Protecting
Enormous Value Through
Positive Association



'Brand' may mean:

- The symbolic embodiment of a product.
- The imprinting of brand marks on live skin.



Brand Value

- *Price premium that the name can support*
- *Impact of name on customer preferences*
 - *Stock value less tangible assets*
 - *Earning power of the brand*

Cat is most powerful industrial brand in the world.



What exactly is Brand Equity?

- *The component of overall preference not explained by objectively measured attributes.*
- *The set of customer associations and behaviors that permits the brand to earn greater volume or margins than it could without the brand name.*

Brand Equity Intangibles

- **Company name**
- **Product brands**
- **Symbols and slogans**
- **Perceived quality**
- **Patents, trademarks**
- **Customer base**
- **Channel relationships**

These assets (which comprise **brand equity**), are the primary source of competitive advantage and future earnings

Seven Components of Brand Equity

- **Brand Permeation:** advertising awareness and availability
- **Brand Distinctiveness:** brand differentiation or superiority.
- **Brand Quality:** overall reputation of a brand (and its line extensions) in terms of quality of product or service.
- **Brand Value:** the extent to which the brand delivers what buyers pay for—often known as “price-value.”
- **Brand Personality:** The extent to which the brand’s image is congruent with who the buyer is or wants to be.
- **Brand Potential:** The extent to which consumers will pay more for, go out of their way for, or are willing to try this brand’s new products, services, or line extensions.
- **Competitive Inoculation:** The extent of consumer loyalty in times of adversity or competitiveness.

Investment in Brand Equity



The Equity Pyramid



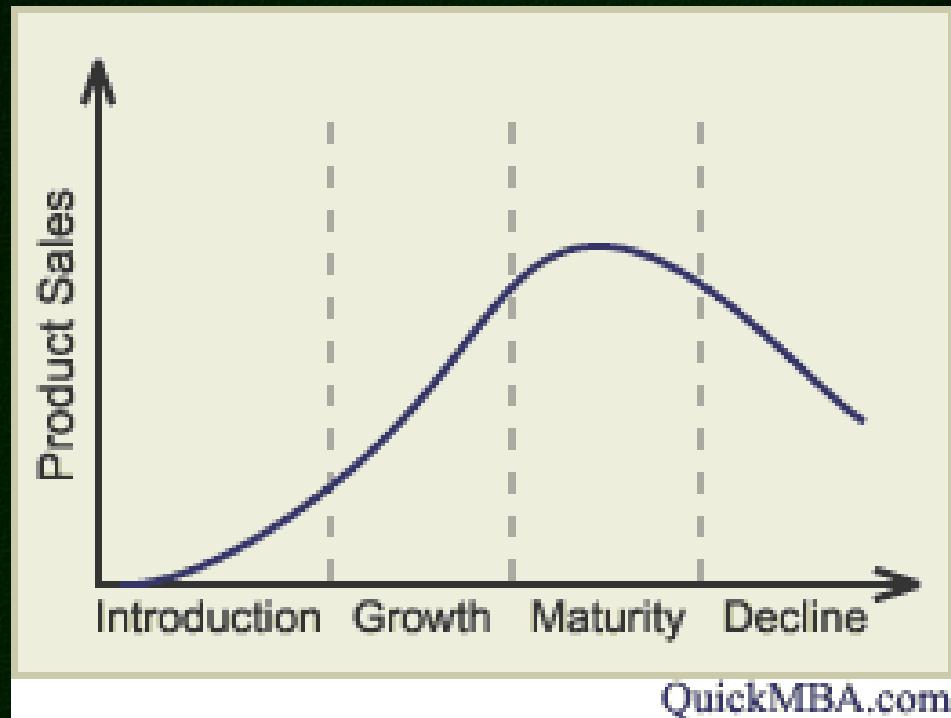
Financial Aspects

- + Stability of income stream
- + Increased cash flow
- + Saleable asset
- Dilution
- Inconsistent with expectations

Premium or discount ?

Brand Life Cycles

- Introduction
- Elaboration
- Fortification
- Abandonment



A good brand name should...

- Be easy to pronounce
- Be easy to remember
- Be easy to recognize
- Attract attention
- Suggest product benefits or suggest usage
- Suggest a product image
- Distinguish product's position relative to the competition.
- **Be legally protectable...**