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Emergence and Protection of Brand Equity

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ABSTRACT: The purpose of study is to discuss and elaborate the emergence of brand and protection of brand equity. Corporate and product brands are increasingly accepted as a valuable intangible asset of organisations. However much attention is required to be paid to conceptualise brand equity, how brands are created, managed and safeguard . In order to achieve this we analyse on brand management which play a vital role in protection of brand equity.

1. INTRODUCTION

A brand is a name, term, symbol or design or combination of them which is intended to identify the goods of one seller and differentiate them from those of competitors. Brands are at the very heart of business and advertising. The marketer can build up a brand image of his organisation around the brand. It also offers protection to customers as it identifies the firm behind the product. Branding enables the firm to carry out control over the market. It creates an exclusive market for product and enables the firm to establish its own prices.

1.1 FUNCTIONS OF BRANDING

Distinctiveness – brand creates a distinctive impression among customers

Publicity- brand name enables its holder to advertise its product without any difficulty

Protection of goods- branded products are packed in suitable container which can protect products

Consumer protection- branded products protects the customers from over pricing by retailers

Customer loyalty-branding ensures better quality products at competitive products that creates brand loyalty on part of customers

1.2 BRAND EQUITY

Despite the threats to brands in the new millennium, strong brands can be important assets to companies and organisations. During the eighties, the concept of brand equity emerged as a way of describing the sum of those assets. A organisation's brand equity needs to be nurtured and defended, and can be measured both internally and externally. Brand equity consist of four assets

brand awareness.

brand loyalty.

perceived quality.

brand associations

1.3 BUILDING AND MANAGING BRAND EQUITY

Brands in the new millennium need to be strong enough to fight these challenges. At the most basic level, a brand must fulfil a number of criteria in order to work effectively: it must work as a product or service. No fancy advertising campaign or clever logo design will compensate for a poorly performing product. it must appeal on an emotional as well as a rational level. The marketing literate customer knows that many no-brand or own label products "work" just as well as the brand leader. The price premium which a brand can command is justified by the additional intangible, emotional benefits. what it offers must be wanted by the customer and mean something to him or her. What is relevant may change over time: for example, "environmentally friendly" is a relevant benefit now for products and services ranging from motor cars to holidays to coffee beans; thirty years ago it would not have been a relevant benefit for a brand to represent, and the customer would not have been prepared to pay a premium for it.

2. LITERATURE REVIEW

A brand or brands may often be the means by which the organisation establishes a relationship with the customer, because a brand (composed as it is of emotional as well as rational elements) can have an identity and a personality in a way that a product cannot. Branding can be a powerful way of humanising products or services. The ability of a successful brand to do this makes it an important weapon in the fight for competitive advantage: hence branding techniques traditionally used by fast moving consumer goods sectors have in recent times been adopted in the marketing of services and industrial goods, and even in the public sector. In the nineties, the pressures on brands grew and came from a variety of different sources:

Educated customers

The nineties consumer is marketing literate and alert to any hint of ‘marketing hype’. Brands must offer real added value; even so-called brand loyal customers are often loyal to a group of brands (called a repertoire) rather than any single brand.

Powerful retailer

Strong retailers or retail groups can dictate terms to manufacturers. There is an increasing trend towards partnership with a preferred supplier who will manage an entire category for the retailer, including its own and rival brands. The retailer may be building a brand in its own right and the customer trusts and feels loyal to the retailer rather than to the product..

Brand extension instead of innovation

brands which in the past were built through real technical innovation can no longer keep pace, and may choose instead to extend an existing brand into new areas or variants. If done carefully, this can enhance an existing brand, but there is also the danger of brand dilution or of confusing the customer.

Competition

Existing strong brands (eg Virgin, GM) looking to extend their franchise into other areas may also pose a threat. New competitors are hard to fight because they are playing a different game - and have honed their skills on a different playing field.

2.1 BRAND AND ORGANISATION

The challenges facing branding in the new millennium have caused a reappraisal of the way in which brands are managed in the organisation. The role of brand manager is to develop and to protect the brand identity so that it may be used to guide all of the activities surrounding the brand. In addition, the brand manager must co-ordinate these activities and manage relationships with external partners and agencies, such as market research organisation's, advertising agencies, and channels. An increase in families of brands and brand ranges means that the corporate brand is of increasing importance in embodying the brand values or brand identity - examples are Kelloggs, or Virgin. Sometimes new corporate identities are created if the parent organisation has inappropriate or unclear associations

2.2 BRAND IDENTITY

Brand identity is the term used to describe how brand strategists want their brand to be perceived [7]. It must be relevant to customer wants and must be clear and easy to understand. It is the brand identity which is at the heart of the relationship between the customer and the organisation, and therefore at the heart of any brand strategy. It encompasses associations both with the product and the organisation, but is more than the sum of these : a strong brand has a personality of its own, human qualities which appeal to customers and make them want not only to buy the product, but to have a relationship with the brand.

2.3 BRAND EXTENSIONS

"Stretching" the brand into new areas often seems like the most obvious next step for a successful brand. If a brand is an asset, then organisation's will reasonably try to gain as much "leverage" from that asset as possible, and brand leverage has been an important phenomenon in brand management in the eighties and nineties. If a customer identifies closely enough with a brand, then they might reasonably be expected to buy a different (but related) product if it bears the same label. The risk of trying out a new product is reduced by the familiarity and promise held out by the old, "friendly" brand. However, great care must be taken in extending existing brands. At best, the existing brand may add no value in the new area : at worst, the existing brand may be damaged if the new product performs less well, or diluted, if the new product does not fit well with the brand image in the eyes of the customer.Brands may be extended into completely different areas, however, if the brand essence remains intact and the key brand attributes are still relevant: for example, Marks & Spencer may offer financial services products, but they should be safe and conservative, in keeping with its brand image.

2.4 COMMUNICATING BRANDS

Once a brand identity has been chosen, the process of positioning can begin. Communicating a brand successfully so that the customer positions it positively means paying attention to all the elements which may influence the customer's perception. This includes, but should not be limited to, all the traditional elements of the marketing

The product which includes packaging, logos design etc

the price, including any discounts or bundling.

the place, i.e. where and how the brand is distributed.

the promotional package, including all types of advertising, both above and below the line, PR activities, sponsorship etc.

Communicating brands today means paying attention to factors outside the traditional marketing mix which can influence a customer's perception of a brand. These may include a organisation's staff policies, for example, the type of people it employs, the charities or community activities it supports, the look and feel of its headquarters, the personality of its CEO - anything, in fact, which the customer may see as a tangible manifestation of the brand. A number of factors - the increasing cost and reduced effectiveness of mass media advertising, the emergence of new media, and the emphasis on relationship and database marketing - have led to the phenomenon of interactive brand communication. Many organisation's will include free telephone numbers or " care lines" in their brand communications, as a way of eliciting feedback (not just complaints) from customers. The increase of loyalty cards and clubs is another aspect of this trend - and both help to give the brand a more human face.

2.5 BRAND LOYALTY

If a strong brand identity is communicated effectively and positioned positively in the mind of the customers, the theory is that they will recognise the brand as being "for them" and will become loyal to it. This does not mean, however, that they will never buy any competitor brand again. Andrew Ehrenberg's work on brand loyalty [10] showed that customers tend to use "repertoires" of brands rather than single brands, and that the specific brand they buy on any one occasion will depend on other factors such as availability, special price offers, recent advertising campaigns, point of sale factors. It is also worth noting that brand loyalty is more prevalent for some products than others - cigarettes and newspapers are obvious examples, whereas for products such as car insurance or petrol, customers will tend to be much more promiscuous, shopping around for the best deal. Again, however, some customer groups are more likely to be brand loyal than others. Perversely, more highly educated and affluent groups are less likely to be willing to pay a price premium for branded products: they know that the own label equivalents perform just as well.

2.6 IMPACT OF SOCIAL MEDIA ON BRANDS EQUITY

The emergence of social media platforms has expanded the communications reach of consumers who have become increasingly vocal through boycotts about the misdeeds or malfeasance of companies that market products or retail brands. The marketer has enormous control over the use of one-way communications that build and enhance brand equity. However, the evolution of the two-way, online communications, both internal and external to the firm, has grown in its proportions in the last six years, and it is indeterminable as to how much more expansive it will become. The growth of the social media platform poses immediate communications challenges in the management of brand image and reputation. Some firms are beginning to respond, however, although most brand companies have not taken a full inventory of their vulnerability to online consumer boycotts and initiated formal or structural ways to cope with consumer-based boycotts. Consumer boycotts are believed to be short lived; however, some boycotts have the potential for greater long-term harm.

2.7 MANAGERIAL ISSUES

There are a number of issues that need to be discussed when considering the approaches managers want to use to value their brands. The first is the portfolio effect. Some companies have developed a portfolio of brands for strategic reasons. The value of the brands individually do not equal the value of the brands as a whole. A method of valuing a portfolio of brands would be to value the brand in its current use as well as add on the effect of that brand not entering into the single brand optimum space.

Secondly, umbrella brands or co-brands infer benefits due to the associations with the company. The difficulty here is to determine how much of the benefits are due to the product's brand name and how much is due to the umbrella or corporate brand. Thirdly, media inflation plays a role. It makes it more difficult for companies to recreate the brand, and the cost of maintaining the brand increases. Some strength of a brand is related to awareness levels, due partly at least to the media inflation. A generic competitor does not have this pressure on their costs. Fourthly, when a competitor enters the market, a decline in market share could result. In most models, this would be seen as a reduction in brand equity. However, it can be argued that the customers that remain loyal are now worth more, resulting in an increase in brand equity. Fifthly, to go into detail about the effect of sales promotions on brand equity and the temptation to milk the brand. Most of the models use current sales. Mathematically the temptation is to raise brand equity by discounting the brand and thereby raising revenue. However, there is a possibility that this could destroy brand equity. Sixthly, approaches that rely on marketing research need to ensure that the methodology used in the research conform to the scientific standards. Inappropriate sample sizes, bias, and other errors could occur, thus influencing the calculations. Lastly, there are a number of practical issues that need to be considered with respect to brand valuation. These include the legal, accounting and tax implications. While these factors differ from country to country, managers must understand that no brand valuation will be complete without dealing with these requirements in their country.

CONCLUSION

It is relatively easy to manipulate the results of measuring brand equity in order to deliver any value that management wishes. The only way to prevent this abuse is to understand the objective of the valuation and to use the appropriate assumptions in order to derive a fair value. No single approach will give all the answers to a correct valuation. The starting point is to understand the purpose of the valuation and what benefits the brand delivers. Due to a lack of transparency of the workings and the underlying assumptions, some managers are not prepared to accept brand equity valuations. Provided that information on the assumptions are made available to managers, they can make their own judgements on what the correct value should be. "Valuation is neither the science that some of its proponents make it out to be nor the objective search for true value that idealists would like it to become. The models that we use in valuation may be quantitative, but there is a great reliance on subjective inputs and judgement.

When management is embarking on an exercise to value their organization's brands, it is recommended that they do the following: Management must firstly understand the nature of their firm's intangible assets. If one of the organization's intangible assets is marketing related, they must determine on what attribute the brand derives its benefit. The purpose of the valuation must then be determined. A method must then be chosen that meets management's needs in terms of the attribute it measures, the information requirements and the model's shortcomings. Management must also ensure that an appropriate discount rate, growth rate and useful life are used. They must ensure that the model used is robust enough to deal with the peculiarities of the organisation.