

## **THE IMPORTANCE OF CUSTOMER BASED STRATEGIC BRAND EQUITY MANAGEMENT FOR ENTERPRISES**

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### **Abstract**

Today, a brand reflects the quality of a firm's products rather than the firm's name, logo, and color etc. In short, the brand is perception of the consumers towards the firm's. Therefore, firms are creating strong brands to be one step ahead of their rivals in a fierce competition. So, they are developing strategies to increase their brand's equity. The firms that could not develop such strategies encounters with the risk of extinction. It is significant to note that in global competition one of the important aspects of modern marketing is to create a strong brand. In this paper, we explain the meaning of strategic brand equity, why it is crucial for firms, and the management of brand equity.

## **İŞLETMELER İÇİN MÜŞTERİ TEMELLİ STRATEJİK MARKA ÖZSERMAYESİ YÖNETİMİNİN ÖNEMİ**

### **Özetçe**

Marka, günümüzde tüketiciler için isim, logo, renk vs. den ziyade işletmenin ürünlerinin kalitesini yansıtan kısaca işletmenin tüketiciler boyutuyla algılanma durumunu yansıtan bir kavramdır. Bu kapsamda, çetin rekabet ortamında işletmeler artık pazarlama stratejilerini geliştirirken rakiplerinden bir adım önde olabilmek için güçlü markalar yaratarak farkındalık yaratmak istemektedirler. Bunun içinde marka özsermayelerini

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artırmaya yönelik stratejileri geliştirmektedirler. Bu stratejileri geliştiremeyen işletmeler ise pazarda yok olma riskiyle karşı karşıya kalabilmektedirler. Unutulmamalıdırki, küresel rekabet şartlarında modern pazarlama anlayışının en önemli hususlarından birisi güçlü bir marka özsermayesi yaratmaktır. Bu makalede, stratejik marka özsermayesinin ne anlama geldiği, işletmeler için neden önemli olduğu ve marka özsermayesinin yönetimi konusunda bir çalışma yapılarak konu ile ilgili kavramlar açıklanmaya çalışılmıştır.

**Keywords:** Brand, Brand Equity, Brand Value.

**Anahtar Kelimeler:** Marka, Marka Özsermayesi, Marka Değeri.

### **1. INTRODUCTION**

Branding is one of fundamental decision in marketing products, in which an organization uses a name, phrase, stile, symbols, or combination of these to recognize its products and separate them from those of rivals. A brand name is any word, device (design, sound, shape, or color), or combination of these used to separate a seller's goods or services.[1]

With regard to to the American Marketing Association (AMA), a brand is a “name, term, sign, symbol, or design, or a collaboration of them, wanted to identify the goods and services of one seller or group of sellers and to distinguish them from those of competition.” Namely, whenever a marketer creates a new name, logo, or symbol for a new product, he or she has created a brand.[2]

Brands are not only names and symbols. Brands designate consumers' perceptions and feelings about a product and its performance everything that the product or service means to consumers. In the ultimate analysis, brands are in the minds of consumers. So, the actual value of a strong brand is its power to get consumer choice and faithfulness.[3]

The key to creating a brand, with regard to the AMA definition, is to be able to choose a name, logo, stile, case, design or other attribute that recognize a product and differentiates it from others. These different

constituents of a brand that recognize and differentiate it can be called brand elements. There are six criteria in choosing brand elements:

- Memorability
- Meaningfulness
- Likability
- Transferability
- Adaptability
- Protectability

Bu altı kriteri kısaca açıklamak gerekirse;

The explanation of the six criteria given below;

**Memorability:** A essential condition for building brand equity is succeeding a high level of brand awareness. To that aim, brand elements can be choosen that are inherently memorable and hence facilitate remind or recognition in buy or consumption settings.

**Meaningfulness:** In addition to choosing brand elements to build awareness, brand elements can also be choosen whose inherent meaning enlarges the creation of brand associations. Brand elements may take on all kinds of meaning, altering in descriptive, besides persuasive, content.

**Likability:** The associations recommended by a brand element may not always be concerned to the product. So, brand elements can be choosen that are rich in visual and verbal imagery and inherently fun and interesting.

**Transferability:** The forth general criterion interests the transferability of the brand element in both a product category and geographic sense.

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**Adaptability:** The fifth consideration interests the adaptability of the brand element over time. Because of changes in consumer values and opinions, or simply because of a need to remain contemporary, brand elements often must be updated in course of time.

**Protectability:** The sixth and final general consideration interests the dimension to which the brand element is protectable both in a legal and competitive sense.[2]

## **2. CREATING BRAND EQUITY:**

Brand equity is a set of advantage connected to a brand's name and symbol that supplements to (or removes from) the worth provided by a product or service to a firm and/or that firm's customers. The main asset categories are:

- Brand name awareness
- Brand loyalty
- Perceived quality
- Brand associations.

Brand equity is a group of assets. So, the management of brand equity contents investment to create and enlarge these assets. Figure 1 obtained from and mentioned in managing brand equity, make a compact overview of how brand equity makes up value.[4]

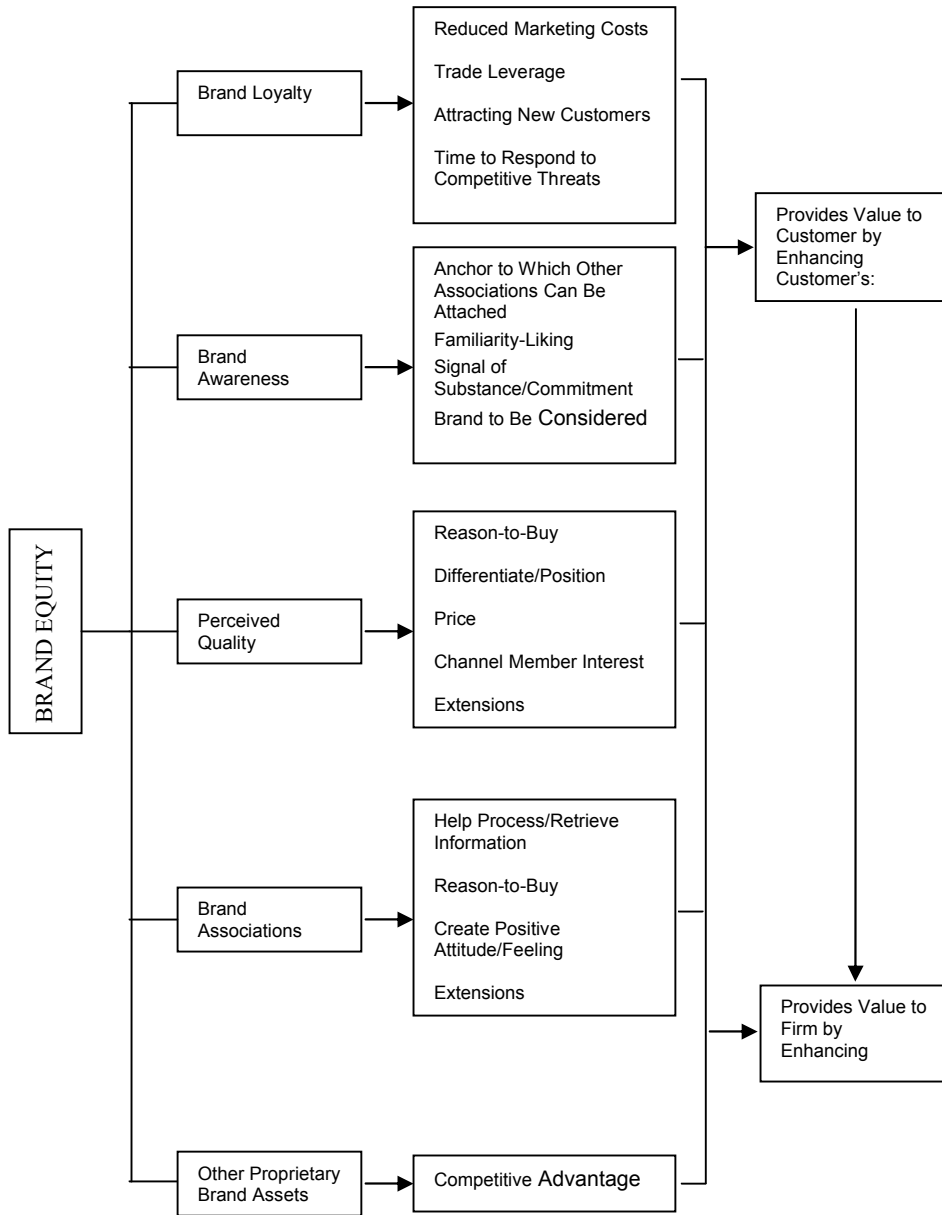


Figure 1. Brand Equity Categories[4]

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A strong brand has high brand equity. Brand equity is the positive difference influence that knowing the brand name has on customer reaction to the product or service. A brand with strong brand equity is a very precious asset. Brand appraisal is the process of expectation the total financial worth of a brand. High brand equity provides a company with many competitive advantages.[3]

Brand equity doesn't just occur. It is carefully produced and nourished by marketing programs that form strong, favorable, and unique consumer associations and experiences with a brand. Brand equity is in the minds of consumers and results from what they have learned, felt, seen, and heard about a brand over time. Marketers know that brand equity is not easily or quickly succeeded. Before, it comes out from a sequential building process consisting of four steps (Figure 2).

- The first step is to build positive brand consciousness and an association of the brand in consumers' minds with a product class or need to give the brand an identity.
- Next, a marketer must found a brand's meaning in the minds of consumers. Meaning arises from what a brand stands for and has two dimensions a functional, performance connected dimension and an abstract, imagery connected dimension.
- The third step is to bring out the proper consumer responses to a brand's identity and meaning. Here concentration is placed on how consumers think and feel about a brand. Thinking concentrate on a brand's sensed quality, credibility, and superiority compared to other brands. Feeling relates to the consumer's emotional reaction to a brand.
- The final and most difficult step is to create a consumer brand resonance clear in an intense, active loyalty relationship between consumers and the brand.[1]

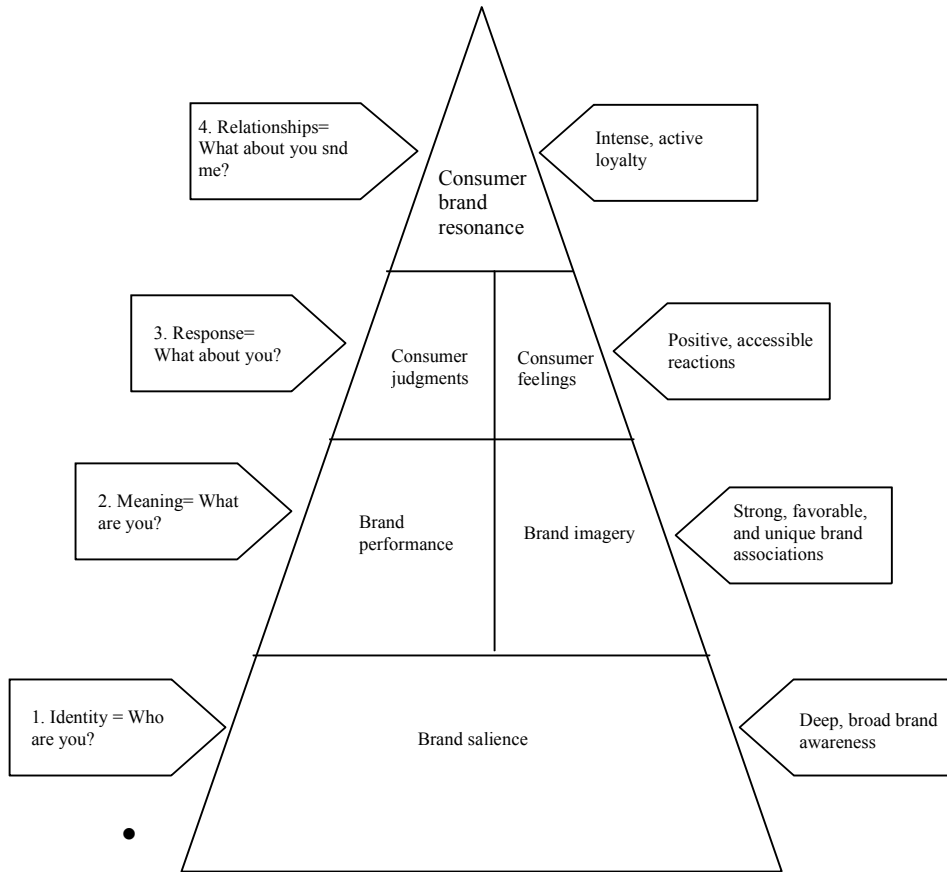


Figure 2. Customer Based Brand Equity Pyramid [1]

### **3. CUSTOMER BASED BRAND EQUITY**

Customer based brand equity is specified as the differential result of brand familiarity on consumer response to the marketing of the brand. Three important ideas are included in the definition:

- a. Differential effect
- b. Brand knowledge
- c. Consumer response to marketing.

**Differential effect** is decided by comparing consumer reaction to the marketing of a brand with the response to the same marketing of a fictitiously named or unnamed version of the product or service.

Brand knowledge is delineated in terms of brand consciousness and brand image and is imagined in accordance with the characteristics and relationships of brand associations described previously.

Consumer response to marketing is explained in terms of consumer perceptions, preferences, and behaviour coming from marketing mix activity.

So, with regard to this explanation, a brand is said to have positive (negative) customer based brand equity if consumers react more (less) approvingly to the product, price, promotion, or dispersion of the brand than they do to the same marketing mix component when it is attributed to a fictitiously named or unnamed version of the product or service.

Building customer based brand equity demands the creation of a common brand that has approving, strong, and unique brand associations. This can be done both through the first choice of the brand identities, such as the brand name, logo, or symbol, and through the merging of the brand identities into the supporting marketing program.[5]



#### **4. THE DIFFERENCE OF BRAND EQUITY AND BRAND VALUE**

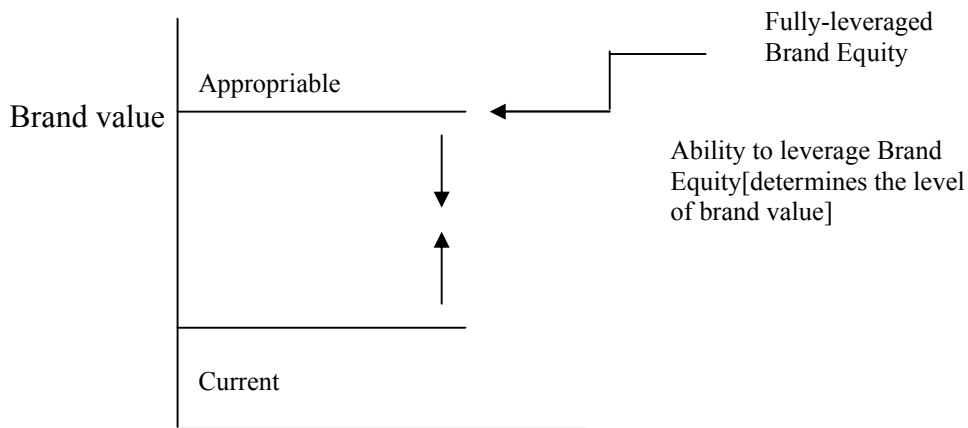
Brand value think over the role of relationships in value creation and the brand equity considers the appraisal of the value that is created through these relationships. It is generally recognised that brands are important assets for firms.[6]

Brand value represents what the brand intends to a focal company. Brand value may vary contingent upon the owner of the brand, because different owners can capture more or less possible value according to their capacity to leverage brand equity. More formally, we define brand value as the sale or replacement value of a brand. Brand value is impacted by brand equity to the extent that brand equity play role in more positive financial result in favour of the brand.[7]

Figure 3 shows how two degree of brand value, ‘current’ and ‘appropriable,’ can differ based on the company in possession of the brand. Both measures of brand value are personel and relying on the resources and abilities of a focal firm. For a specific firm at a particular point in time – all other things being equal – that firm will have a ‘current’ value. This current value is based on scheduled profits that will accrue to that firm given existing strategies, capabilities and resources. However, there clearly exists a higher ‘appropriable’ value that it or another firm could take if it could more effectively leverage the existing brand equity.

Simply put, the distinction between the current and appropriable value of a brand is based on the firm’s ability to leverage the brand equity of that brand. Appropriable brand value represents the theoretical value that could be reached if all existing brand equity were optimally leveraged. The ‘current’ measure of brand value is ‘what is’ for a particular firm, while unleveraged brand equity helps define ‘what can be,’ that is, the appropriable value, for a firm.[8]

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**Figure 3.** Levels of brand value.[8]

In contemporary managerial thought the value of a brand is thought to reside in its 'brand equity'. Brand equity stands for its capacity to generate a future value stream, either through its ability to extract a premium price from consumers (for example, being prepared to pay more for a Rolex watch than for an unbranded, if functionally equivalent, watch) or through its ability to attract capital (for example, investors prefer to place their funds in a company that they know and sympathise with), or otherwise facilitate relations with interested parties (distributors, producers etc). In recent times the first dimension, or 'customer-based brand equity', has grown more important.<sup>3</sup> Customerbased brand equity is generally defined as the set of associations or attitudes that consumers have in relation to the brand, and that contribute to its value for them. An important part of the value of a brand thus resides in the minds of consumers. What trade mark law protects from 'dilution' is primarily the property over a specific set of attitudes and associations entertained by consumers; a property over a specific share of mind. [9]

## **5. EVALUATING THE BRAND EQUITY**

We have many technics to evaluate brand equity. A widespread appraising technic is to handle brand equity in the way of its influence on product evaluation. In spite of the empirical support for the concept of brand equity is bounded, the rudimentary concept of brand equity can be clarified by two theories. One theory that explicates brand equity is the spreading activation theory of human related memory. With regard to this theory, the declarative knowledge of consumers is delineated in the way of the network of concept nodes that are connected by links and fortified whenever two events co-occur. When consumers experience different concepts, they constitute relations. When consumers think of a brand, they relate it with the positive outcomes that are connected with the brand and they link the product to these outcomes. So, the more a brand name co-occurs with a benefit, the stronger the link between the brand name and the benefit, therefore building brand equity.

Another theory that clarifies brand equity is the cue-interactive model. In this model, it is presumed that the foreboded level of the outcome of consumption of the product, or the quality of the product, is a total of all present cues, such as a brand name. Besides, it is presumed that the level of association strength rests on the elimination of any discrepancy between the anticipated and actual levels of a consumption outcome. The suppositions of cue-interactive models propose that the concept of equity could be seperated into two categories: brand equity and attribute equity. Van Osselaer and Alba (2003) propose that insofar as brand equity can be operationally identified as the influence of brand name on profit predictions, attribute equity can analogously be defined as the influence of attribute information on profit predictions.

The main specialities that can impact consumers' evaluation processes are design specialities. Bloch (1995) proposed a conceptual model that defines how product design pertains to consumers' psychological and behavioural responses. In this model, product design could elicit a sort of

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psychological responses from the consumer. Respectively, these psychological responses to design lead to behavioural responses. The circumstantial design of a product is closely pertained to the performance and functions of the product and can be a crucial speciality that defines the product's derived profits. Besides, consumers can foresee the performance of a product with a specific design speciality. So, design specialities of a product can be categorized as product concerned specialities. Thus, as Van Osselaer and Alba (2003) propose, if speciality equity can be defined as the impact of the speciality on product profit foresight, design equity can be defined as the influence of design information on profit foresights.[10]

The price premium may be the best single evaluate of brand equity available, because it directly catches the loyalty of customers in a most pertinent way. If they are loyal, they should logically be eager to pay a price premium; if they are not eager to pay more, the loyalty level is superficial.[11]

The results of the study on "The most precious brands of Turkey 2009" , which is a joint work of Capital and one of the foremost brand evaluation company Brand Finance, is shown in Table-1. According to this, we can see that the importance of brand equity for the companies is increasing every day. The thought of the brand strategist Martin Roll "A successful brand lives forever" is leading the firms now.[12]

**Table1.** The Most Precious Brands of Turkey-2009 [12]

No	Company	Brand Equity (Million Dollars)
1	Türk Telekom	1.593,49
2	Turkcell	1.533,63
3	Arçelik	1.269,60
4	Anadolu Efes	1.257,38
5	Migros	1.212,56
6	İş Bankası	1.208,07
7	Ford Otomotiv	998,46
8	Oyak Renault	983,85
9	Akbank	909,52
10	Türk Hava Yolları	873,64
11	Yapı Kredi Bankası	859,71
12	Enka İnşaat	854,62
13	Türk Şişecam	834,22
14	Petrol Ofisi	820,41
15	Garanti Bankası	745,03
16	BİM	687,90
17	Aygaz	481,45
18	BSH Ev Aletleri	427,64
19	Vestel Elektronik	412,55
20	Tofaş	374,18
21	Ülker Bisküvi	330,76
22	Hürriyet	307,57
23	Tesco Kipa	305,09
24	Vakıfbank	293,59
25	LC Waikiki	287,54
26	Koton	287,22
27	Halkbank	277,87
28	Besler Gıda	265,52
29	Ülker Çikolata	248,45
30	Beko	220,01
31	Carrefoursa	181,91
32	Fırat Plastik	175,08
33	TAV	173,32
34	Finansbank	165,98
35	TEB	155,18

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<b>No</b>	<b>Company</b>	<b>Brand Equity (Million Dollars)</b>
36	Doğuş Otomotiv	144,31
37	BMC	123,48
38	Dimes	114,80
39	Keskinoglu	113,60
40	Arçelil-LG	105,14
41	Acıbadem Sağlık	104,89
42	Vestel Beyaz Eşya	103,71
43	Kordsa	102,53
44	TAT	102,08
45	Denizbank	102,06
46	Banvit	101,32
47	Omsan Lojistik	90,44
48	İstikbal Mobilya	90,43
49	Abdi İbrahim	90,15
50	Brisa	89,93
51	Ekol Lojistik	88,48
52	Betek Boya	83,21
53	Özdilek	80,15
54	Borusan Lojistik	79,85
55	Demir Döküm	79,47
56	Paşabahçe	77,62
57	Kent	76,12
58	Adese Alışveriş Merkezleri	67,83
59	Doğan Gazetecilik	65,44
60	Bilim İlaç	63,89
61	Koroza Ambalaj	57,98
62	Pınar Süt	56,48
63	Türk Traktör	52,84
64	CMS Jant ve Makina	49,52
65	Astel Kağıtçılık	47,79
66	Good Year	46,16
67	Boyner Büyük Mağazacılık	42,89
68	Türk Tuborg	42,65
69	Indesit	41,85
70	Fresh Cake	40,41
71	Casper	40,04
72	Pınar Entegre Et Sanayi	39,68
73	Otokar	39,67

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<b>No</b>	<b>Company</b>	<b>Brand Equity (Million Dollars)</b>
74	Beypiliç	38,16
75	Karsan Otomotiv	36,08
76	Dardanel	35,83
77	İzocam	34,80
78	Reysaş Lojistik	33,57
79	Tukaş	33,22
80	Yataş	32,90
81	Çelebi Hava Hizmetleri	32,02
82	Goldaş	31,92
83	Mutlu Akü	30,82
84	Şeker Piliç	30,39
85	Kerevitaş	29,33
86	Vakko	28,25
87	Global Bilgi	27,98
88	İnci Akü	25,91
89	Anadolu Isuzu	25,36
90	Bossa	24,95
91	Altınyıldız	24,27
92	Yünsa	23,15
93	Kütahya Porselen	22,53
94	Pınar Su	21,35
95	Turcas	20,88
96	Ege Profil	19,82
97	Ege Seramik	18,59
98	Pimaş	16,99
99	Marshall Boya	16,39
100	İhlas Ev Aletleri	15,45

## **6. CONCLUSION**

As it is known, to achieve a successful sale performance in national and international markets in which global crucial rival is dominant, managements should plan and execute their brand strategies very well.

In this context, companies which manages their brand good and produces customer focused strategies can easily raise their brand equity.

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However, companies which can not define their differences from rivals, apply relational marketing approach and prove their quality vanishes from market against their rivals.

So a very good relationship must be established between brand and consumers. Today, because the “customer is the king” mentality is dominant in the market, the companies must develop customer focused strategies, in the view of the consumers the benefits of the brand and the differences from others with quality should be highlighted in order to constitute a brand faithful.

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