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Towards a Unified Theory of Brand Equity: Conceptualizations, Typologies and Avenues for Future Research

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Abstract:

This paper aims to look into contemporary thinking within the brand equity paradigm, with a view to establishing avenues for further research on the drivers of brand value formation, enabling a more in-depth understanding of the antecedents of brand equity and its determinants, as well as the development of an improved instrument to measure brand equity. We present a taxonomy of brand value grounded on a synthesis of contemporary approaches to the theme. In so doing we identify gaps in the brand equity literature, which we hope will serve as beacons for future research and provide valuable theoretical insights on the determinants of brand value formation and the development of better brand equity measurement tools. We argue that the unifying brand equity theory must be based on three pillars: stakeholder value, marketing assets and brand financial performance outputs.

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1. Brands, branding and their role in contemporary societies

Modern-day living in contemporary societies would be very different indeed without the proliferation of brands and their ramifications on the livelihoods of individuals. Our lives are marked and framed with goods that we consume, their names, symbolism, and true or false promises. Branding is a pivotal societal construct, as little remains unbranded in today's world. By successfully deploying brand management knowledge and techniques to otherwise undifferentiated goods and services of similar functional worth, organizations are capable of fully exploiting domestic resources and aggregate value to market offers with positive consequences when catering to often conflicting exigencies of key stakeholder constituencies.

Brand management and its antecedents and ramifications, have over the last couple of decades drawn considerable attention both from the academic and practitioner communities alike. Indeed, successful brand-building, ways and mechanisms in which to attain it, and its importance to organizations have experienced extensive scrutiny in the extant literature (e.g., Christodoulides and de Chernatony 2010; Ambler 2003; Srinivasan et al. 2005; Park & Srinivasan 1994, etc.). Moreover, there has been a particular focus on the role of branding as a protector of the organization in times

of turbulence, typified by constant change and volatility in the macro-environment (King, 1991).

Branding is also perceived to be of value in fencing off the power of retail organizations, thus acting as a reinforcer of the competitive position of incumbent players in markets vis a vis other challengers to their dominant market positions (Park & Srinivasan, 1994). In addition to acting as a firewall for the protection of incumbent market position, and the fencing off of challenging competitors, branding contributes to the building of market share by organizations (Adams, 1995). In successfully managing brands, in ways as for these to stand out as distinct and valuable, brands that are clearly differentiated from those of competing offers in the marketplace, organizations demonstrate a keenness for customer-orientation and this is in itself good practice and a proxy for the attainment of sustainable competitive advantages.

Conventional wisdom shows that an organization does well to carefully manage its portfolio of brands and invest in them. There is, however, only limited academic literature and scarce knowledge emanating from the practitioner world on strategies and solutions for brand building, as well as the identification of the determinants of brand value. One possible explanation for this state of affairs may be traced to what is in effect a very heterogeneous knowledge base pertaining to a very broad number of industries and countries. This implies an inherent

difficulty in attaining generalizability of findings, and a corresponding failure to comply with the imperative of external validity that is required for the establishment of theory. The current body of brand knowledge is also seen as of little practical worth and is not perceived as meaningful business solutions by practitioners. A second reason why this may be the case pertains to the lack of a general theory unifying brand value thought, one that would be applicable in all, or at least most industry contexts.

Contemporary marketing theory and practice should therefore seek to describe and explain how brands are managed and used for the creation of value, and its value extension to goods and services. The emphasis shall be on the critical importance of brand value formation to the organization, in its role as caretaker of the varying and often conflicting interests of key stakeholder constituencies, and in particular the interests of discerning and sophisticated consumers. Unfortunately, and despite the efforts of a growing literature that has proliferated on the subject, over the last couple of decades a unique and straightforward answer on the creation and management of brand value has not yet been forthcoming.

The purpose of the manuscript is to critically evaluate the current body of brand value knowledge and its measurement approaches formulated through the brand equity paradigm. In doing so, we present a synthesis of approaches to theme, identify theoretical and methodological gaps in the brand equity literature and propose directions for future research toward a unified theory of brand equity.

With this in mind, a short overview of the evolution of the brand management theme is presented next. In section three, sources of brand equity and the determinants of brand value formation are discussed from theoretical and historical perspective. We conclude with a call for the development of more comprehensive methodological approaches for the study of brand value.

2. Brand management: from marking livestock to building brand equity

A product is an organizational offering that potentially satisfies consumer needs or wants. It is hard to find a product these days which has no name, does not have a certain design or a distinct packaging. Contemporary products bear in itself a certain amount of symbolism, or indeed acts as a conduit for the satisfaction of latent or explicit consumer needs. Specific products may be an integral part of a corporate brand whose name they also carry, or bear separate designations at the market level, designations that are distinct from the corporate brand names of the organizations where they emanate from. In addition to this, for any given product category, and under the same brand/producer name, there may exist other items that allow for the differentiation of the organizational offer in the eyes of consumers. These items of product differentiation might be related to relevant differences (from the viewpoint of avid consumers with high disposable income) in product features, including such differences as new flavors, attractive and/or informative packaging, size, shape,

taste, colors, adds-on, added ingredients, etc. (Kotler & Keller, 2012).

The origin of the word “*brand*” comes from the Old Norse word “*brandr*”. *Brandr* means *to fire* or *burning*, a term originating in the ancient activity of marking livestock with the cattle farmer’s seal for the purposes of establishing unequivocal ownership of cattle and to distinguish livestock from that which is owned by other proprietors. Use of this word, was according to the Oxford English Dictionary (Oxford, 2009), traced back and recorded to as early as 1552. In essence, the act of branding cattle would allow the proprietor to tell its livestock apart from that of its neighbors, thus opening the door for what became an established method of identifying ownership. In the case in question, it was the origin of cattle, but subsequently, it became any other good or service. It constituted a straightforward, easy and unambiguous method (as long as the marks were sufficiently distinctive) that everyone acknowledged and was able to understand.

One of the first references to branding, or to what may currently be understood as basic brand theory (Ambler, 1997), can be traced to the work of St. Augustine of Hippo (Aurelius Augustinus Hipponensis) in the fifth century A.D. The importance of St. Augustine to contemporary brand theory resides in the fact that he was the first to make the distinction between functional utility as a criterion for value ascription (Jevons, 2007), and psychological benefits that constitute an integral part of consumption experiences (Ambler, 1997) thus enabling for the idea of differentiation founded on product intangibles. These two concepts, the

constraint of need (functional utility) and an appeal that is grounded on desire (benefits of ownership) find an expression in modern conceptualizations of needs and wants (Jevons, 2007). San Bernadino of Siena (XV c. A.D.) had in his sermons acknowledged the existence of differences between *virtuositas* (functionality), *raritas* (scarcity) and *complacibilitas* (psychological benefits) and merchants were allowed to take all three into account when setting commodity prices (*justum pretium* – “just”, fair price) (Ambler, 1997; Jevons, 2007). Contemporary branding practice uses the same differences to create a unique and distinguish message to brand’s stakeholders.

2.1. Conceptualization of brand

Conventional wisdom in marketing stipulates that a brand is an entity that provides added value to key stakeholder constituencies that surround organizations, based on factors that extend beyond the functional characteristics that are intrinsic to the goods and services that are traded under those brand names. These added intangible values differentiate a product from its competitors, and act to improve customer satisfaction levels, biasing consumer preferences towards products that emanate from the organization, thus improving customer loyalty.

Early discussions on branding and its importance were carved in the business literature by notable authors, including the likes of Smith (1915) and Copeland (1923). According to these authors, the buyers will be reluctant to buy a product if there is no recognizable brand name by the manufacturer in good standing. Later authors, like Gardner & Levy

(1955), have stipulated that a brand is embedded within a complex symbolism that represents a variety of attributes and ideas, and brand names are thus much more than mere labels that distinguish between products and allow consumers to tell them apart in the context of complex buying situations. Gardner & Levy (1955) have argued that a brand encapsulates sets of ideas, feelings and attitudes that the consumer has about an organization or the products it brings into the market; consumers will then make choices by picking one or a few elements from within these sets that they find most appropriate.

Gabbott and Jevons (2009) have argued that the term “brand” is a highly contextualized entity susceptible of diverse contemporary approaches and understandings and consequently to a never-ending theoretical development process. The idea of a development process in the social sciences has a tendency “to be an endless spiraling of ambiguities of language” (Gabbott and Jevons, 2009: 120). Theoretical development processes in this context however, can refer to a nominal perspective, or alternatively to its real form, as in essence, these are two distinct ways of looking at the problem.

The nominal form of something (*quid nominis*) is defined by its name, but the essence of something can only be determined, when and only when, we know its real form (*quid rei*) (Gabbott and Jevons, 2009). Stern (2006) has argued that the term brand, used as a verb, has dual valence with positive implications as proof of ownership, sign of quality, etc., whilst conversely having negative connotations, including to stigmatize, to mark with infamy, etc.

Therefore, it is highly unlikely that one can arrive at a sole definition of brand, one that is consensual and widely accepted. Gabbott and Jevons (2009:121) have underlined the notion that never will be a unifying definition of “brand”, only “a constantly evolving series of contexts or lenses through which the phenomenon is viewed”. They conclude that in the rich, context-laden environment of contemporary organizational realities, a number of different “brand” definitions, understandings and approaches may co-exist and compete for acceptance.

Two approaches have found their way into the literature and have thus become established thought (e.g., Ambler & Styles, 1997) in the constant attempt to define brands. A traditional approach, known as “product plus” (Ambler & Styles, 1997) views a brand as an addition to a product. In other words, a brand acts as an identifier of the product. A second approach is much more holistic in scope, and relies on a strong focus on the brand itself. According to Ambler & Styles (1997), the holistic approach refers to the bundles of attributes that act to enhance consumer satisfaction. These attributes may be tangible and/or intangible, they may also be real or fake, rational and/or emotional, etc.

Keller & Lehmann (2006) have suggested that a brand serves as a distinguishing symbol of a firm’s offering at its most canonical form. A brand may identify one item, a family of items, or indeed every item from an identified offerer. Thus, a brand signals to the consumer the source of the product and should act as to protect consumers and producers from competitors who attempt to provide identical products (cf. Copeland, 1923; Smith, 1915;

Aaker, 1991). For instance, a brand name helps consumers to identify products that may be of particular benefit to them and best fit to their specific requirements. In other words, a brand has to help in product differentiation when stakeholders have asymmetric information about its quality and performance as well as to provide product loyalty mechanism against new entrants in the market (cf. Schmalensee 1982)

2.2. Evolution from product naming to brand value

Kotler (1999) has advocated that the branding challenge present in today's organizations is that of the creation and management of a meaningful (for its publics) and deep-rooted set of associations for the brand. The brand is not a mere name for a product. In its essence, a brand is an offerer's guarantee that it will continuously and consistently deliver on its promises, including promises explicitly or implicitly made on tangible features, specific quality thresholds and benefits and convenience to the consumer.

A modern approach to branding includes a comprehensive list of elements that overlap traditional understandings of the brand concept and includes not only distinguishable tangible product-related features, differentiation by name, color, or any other visible characteristics but also intangibles, such as brand value or consumer subjectivism. Contemporary paradigms on branding issues and scholarly thought have focused mostly on consumer attitudes, loyalty, perceptions, etc., as well as on organizational marketing investments in a brand.

Brand equity is thus defined as the value of a brand, which is in itself a function of high brand loyalty, perceived quality, awareness of brand name, strength of brand associations and other key organizational assets and activities, including trademarks, patents, advertising, distribution channels (Kotler & Keller, 2012; Aaker, 1991) and different types of innovation.

2.3. From brand value to brand equity (BEq)

Modern marketing theory and practice has recognized the brand equity (BEq) paradigm as a key strategic asset for the organization. Keller & Lehmann (2006) have argued that a brand is influential or manifests its importance at three key levels which correspond to three distinct yet interconnected market dimensions or indeed three distinct markets: customer, product and financial markets; value accrued by these markets may be designated as brand equity. The brand equity paradigm has been discussed extensively in the marketing literature and many researchers have offered a wide array of definitions for the brand equity concept (Aaker, 1991; Farquhar, 1989; Sriram *et al.*, 2007; cf. Christodoulides and de Chernatony 2010) as well as different perspectives on the factors that influence brand equity.

A widely used definition emanating from the marketing literature identifies brand equity as the value added by the brand name to a product that does not possess a brand name to begin with (Farquhar 1989; Keller 1993; Sriram *et al.* 2007). A more comprehensive definition of brand equity characterizes it as the value of the brand that derives

from high levels of brand loyalty, perceived quality, name awareness, and strong brand associations, as well as assets such as trademarks, patents and distribution channels that are associated with the brand (Kotler & Keller, 2012; Aaker 1991). A widely accepted BEq definition in the literature came from Aaker (1991, p. 15), who posited that 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”. Srinivasan et al. (2005) have defined the BEq construct as the brand’s annual incremental contribution when contrasted with a base product.

Ambler et al. (2002, p. 23) have suggested that brand equity describes the asset created by a marketing effort by a company that will “drive future cash flows from the sales of that brand”. Furthermore, brand has been considered as an asset in the brand equity terminology, one that can be bought or sold for a certain price (Aaker et al. 2004; cf. Salinas & Ambler 2009). Marketing assets, however, should not be mistaken for the financial expression of those specific assets, also known as “brand valuation” (Raggio & Leone 2009; Salinas & Ambler 2009; cf. Ambler 1997). This term is partially misleading because the word “equity” has its origin in the realm of finance, but at its core it takes a subjective view and represents intangible cues that are valued by the consumer.

For instance, Ambler et al. (2002) have argued that BEq represents the customer mindset with respect to a brand, which includes perceptions, thoughts, experiences, attitudes, images, etc. In the

literature it has been argued that brand equity “provides goodwill value in the face of uncertainty” (Broniarczyk & Gershoff 2003, p. 163; cf. Shapiro 1982) as brand equity may be taken to be a sign of the credibility of brand associations in the marketplace (Erdem & Swait 1998).

Brand equity should be formally measured, but searching for a single financial performance measure, a silver metric is a misleading endeavor (Ambler, 2008). Financial performance measures are generally short-term oriented and not inclusive of intangible brand assets as measured by brand equity (Ambler, 2008), and for organizations to use only this type of brand performance assessment may jeopardize long-term business performance (Collins & Porras, 2000). In other words, brand measurement methods must include non-financial measures, such as consumer loyalty, which reflects consumer willingness to pay premium prices (Ambler, 2008), market share, brand awareness, purchase intentions, etc. (Keller, 1993; Park & Srinivasan, 1994; Lehmann & Reibstein, 2006).

In a general sense, brand equity is considered as a positive marketing outcome due to the presence of a certain brand name associated with a particular good or service, the inference being that the intended marketing outcome would differ were it not for that same product to carry that particular name and not another or even not to carry any name at all (Farquhar, 1989; Keller, 1993), that is if it were unbranded. This view however limits in a certain sense further research from flowing, as consumers when encountering brands, inevitably coming into contact and possessing knowledge of

brand names, logos, packaging or products. In these situations, as suggested by Raggio and Leone (2007), consumers automatically generate perceptions and associations about the brand. It is therefore not possible for a brand not to have any brand equity. It is also very difficult even at the strict level of intellectual curiosity to fathom a possibility of establishing meaningful comparisons between branded and unbranded products these days, for two reasons. First, in industrial markets there are in effect no unbranded products. Each product, which legally finds its way into the marketplace will in some way possess some form of packaging and be called by something, it will have a name. Even the most basic of staples, groceries in the fruit market, will normally be traded under some producer's name, it can be traced back to a producer and consumers will be buying it from a legally established trading firm. Second, some researchers have in their studies compared branded goods with private labeled brands (e.g., Ailawadi *et al.*, 2003; Choi & Coughlan, 2006). The latter are brands that are created for the benefit of retailers and wholesalers who bring them into the marketplace. Private brands typically compete on price and they will often offer discounts. Consumer perceived quality of these products is very much a function of the track-record or history of these retailers and wholesalers, whose names act as guarantors of quality and satisfaction with the consumption experience (Kotler & Keller, 2012; Choi & Coughlan, 2006). In contemporary economies it is obsolete to compare branded vs. private labels as the latter are also about products that carry names, that

possess attributes and about which potential consumers make judgments as to their perceived quality, so by all accounts these are not unbranded products. Secondly, several products being traded under the same category, both branded and unbranded, co-exist on the same retailer shelf, thus suggesting that brand comparisons are very difficult indeed to make. When they are made, there is always a very vivid possibility of an inherent bias towards branded products. The third reason for comparisons to be rendered useless is that private labels are clearly favored by owners to the detriment of other branded goods. This is manifested in the allocation of shelf space, quantities allowed of the branded variety, pricing issues as well as sales promotion initiatives and others (Kotler and Keller 2012).

In identifying a gap in the literature it is safe to conclude that despite numerous conceptual and operational definitions and models of BEq, there is limited quantitative research examining its constructs by resorting to the scrutiny of solid empirical data (e.g., Atilgan *et al.*, 2005, Davcik 2013). Our standing is that, in order to enhance further research in the field, it is necessary to take into consideration more comprehensive BEq definitions as well as to establish determinants that influence BEq performance.

3. Sources of brand equity determinants

The brand equity concept can be discussed from different perspectives, namely that of the investor, the manufacturer, the retailer, and the consumer.

There is a need in finding multiple perspectives in a manner very much akin to stakeholder management thinking that allow for the harmonization of the often conflicting interests of various stakeholder groups with vested interests in the organization. The investor is in this way more interested in the financial ramifications of the brand equity concept (Cobb-Walgren *et al.*, 1995), whilst manufacturers look at it from the viewpoint of its strategic worth and potential for application (Keller, 1993) in the pursuit of targeted marketing and financial goals, and retailers will be predominantly concerned about the marketing implications of the BEq concept.

All of this validates the importance of investigating the determinants of brand equity as well as its sources from a holistic organizational perspective. This is justified on the grounds that it depends on whose perspective one takes into account, as to what meaning brand equity will assume. The concept will have different meanings but also different consequences and ramifications. Complex BEq research therefore clearly demands a multiple perspective, and one which in particular takes good account of consumer wants and needs as well as behavior. For instance, contemporary branding literature posits that brands are social and dynamic processes that include multiply stakeholders and brand value is co-created among stakeholders (Iglesias *et al.* 2013, Merz *et al.* 2009; cf. Hult *et al.* 2011; Babin & James 2010). This view may open new theoretical perspectives and conceptualizations in the research of brand equity. Few conceptual developments or empirical research programs have been forthcoming in the academic

literature that address the critical importance of marketing activities in creating brand equity, which specific activities these are, and, in what specific ways do they contribute to brand equity creation (e.g., Barwise, 1993; Yoo *et al.*, 2000, Iglesias *et al.* 2013). Despite an overwhelming interest on behalf of researchers in the generic realm of brand management theorization, and in particular with regards to the specific coverage of the brand equity concept, a predominant focus has thus far rested on measurement issues of BEq, not on its sources or determinants.

3.1. Brand equity concepts and methodology

In order to synthesize and compile the extant literature, we analyzed the application of brand equity paradigm from three distinct domains: (1) sources of brand equity, (2) determinants of brand equity, and (3) applied metrics / research approach related to brand equity. We used the Business Source Complete database to search for empirical and conceptual references that explicitly addressed brand equity paradigm and its distinct domains in the title and/or abstract in period 1990-2013. Filtering the database with following keywords: brand equity, brand value, sources and determinants, we found 146 articles. After an additional contextual analysis and excluding the papers that only extend a common theoretical background, we narrowed our theoretical foundations within the brand equity paradigm as presented in our taxonomy. Table 1 summarizes the main brand equity concepts and the body of research focusing on brand value and its exemplars. Taxonomy describes the various models and brand

value approaches to the different brand equity concepts and its determinants, whether it be conceptualizations, established metrics or sources and determinants of brand equity. The conceptual approach taken to define the BEq concept is annotated with the letter *C*. Concepts that are used in the context of the investigation of brand equity metrics are annotated with the letter *M*, and studies that explore the source of brand equity and its determinants are marked with *D*. The conclusions that are presented are summaries of past studies which in turn point to gaping questions and dilemmas around the theme of brand equity creation and management. There are many different research approaches and studies on brand value and equity measurement in marketing literature, but those researches use one or several studies presented in Table 1 as a conceptual foundation.

TAKE IN TABLE 1

TAKE IN FIGURE 1

Figure 1 is derived from the taxonomies and concepts that have been discussed in the current article and attempts to represent key brand value concepts from both consumer and organizational perspectives, whilst attempting to be inclusive of both the finance and marketing domains. The consumer-marketing dimension appears in the upper-right section of the matrix. This dimension is predominantly driven by marketing approaches to the explanation of brand value formation, and derives its empirical grounding from consumer-focused studies. The financial-company dimension

is positioned in the lower-left part of the matrix. This dimension is driven by financial approaches, with a focus on company actions, in the explanation of brand value determinants.

The extant academic literature does not seem to be able to provide an appropriate measurement method which would potentially allow for a better understanding of the sources and determinants of the brand equity concept (Park and Srinivasan, 1994). The academic community is therefore obliged to pay more careful attention to the development of a more systemic view of brands and products (Shocker *et al.*, 1994, Iglesias *et al.* 2013). The research community should be in pursuit of more comprehensive theoretical approaches and business techniques. These approaches shall take a transversal perspective that is inclusive of the inter-relationships between brand equity formation and pricing strategies, communications activities, decisions on distribution and the strategic ramifications of all of these on the BEq concept.

Further investigation in this field is thus required, with a possible future research agenda focusing on brand value formation. The investigation shall take a dual perspective of consumers and organizations, whilst simultaneously eliciting a better understanding of financial and marketing constructs and their role in the interface with the brand value concept.

3.2. Brand equity taxonomies

Farquhar's (1989) research approach covers the strategic aspects of branding and the leveraging of brand equity. The author concludes that a brand is

something that endows a product with intangible elements, whilst brand equity represents the added value that accrues to the organization, thus rendering the development of strong brands as imperative for organizational strategic thinking. Several questions remain unanswered however, including what are adequate strategies for leveraging brand equity and what are possible determinants of brand value. The work of Farquhar (1989) has pre-empted future research on the strategic aspects of brand equity formation, its antecedents and processes, ways in which to leverage brand equity and how brands act as aggregators of value to core product functionality. The study explains how brands signify aggregated value for an organization in the cases of corporate brands, where organizations and their products are synonymous.

In calling attention to the fundamental need for the development of strong brands as an organizational imperative, the author opens avenues for research into the exploration of adequate strategies for leveraging brand equity. Another research avenue is a better identification of the determinants of brand value formation, in ways that are inter-contextual and transverse products and economic sectors of activity.

Aaker (1991) is founder of the consumer-based brand equity approach, whose research focus is on the consumer, rather than the organization or any other stakeholder group. Aaker's BEq model stipulates that brand equity is about the creation of value for both the organization and the consumer (Aaker, 1991; Aaker et al., 2004). Consumer brand loyalty reduces vulnerability to competition,

leveraging trade by keeping existing customers and attracting new ones to the organization. Brand awareness reduces consumer ambiguity and sustains familiarity with the brand, but it is also a sign of consumer knowledge of the organization and desirably undivided commitment to it. Often customers have no prior accurate knowledge of product quality parameters, and consequently consumer perceptions of quality stand to directly influence purchase decisions, especially when a buyer has no way of conducting detailed comparative analyses (Aaker, 1991). The author has underlined the notion of brand equity and brand portfolio management being about the ownership of values and organizations being guardians of value systems. Both academic researchers and practitioners need to find appropriate tools and mechanisms for determining the sources of brand equity for organizations, whilst acknowledging their immense value as organizational assets on company balance sheets. Aaker's (1991) thinking suggests some clear lines of inquiry into the task of brand management and brand equity formation, as these are perceived to be increasingly important to the modern organization. A particular emphasis should be put on taking good care of brand portfolios, as they are guardians of brand value, and constitute more and more the embodiment of the most important and most valuable assets that companies possess, and that are inscribed as assets in balance sheets under goodwill.

Future avenues for investigation reside on what needs to be a sharper focus on the consumer, as well as on the underlying assets of brand equity, and the

possible ways in which additional product features may aggregate value to underlying brand assets. As a corollary to this thinking, further research may explore a conceptualization of brands as tools for both short and long-term business strategizing.

Keller (1993) has defined and proposed ways in which to develop and measure customer-based BEq based on individual consumer preferences. He suggests a conceptual model of brand equity, defined as (Keller, 1993; p. 2) “the differential effect of brand knowledge on consumer response to the marketing of the brand”. Brand knowledge thus consists of brand awareness (brand recall and recognition performance) and brand image (associations that the consumer makes with the brand). The author has argued extensively for a customer-based BEq approach which can be enhanced if a company is capable of creating a (Keller, 1993; p. 9) “favorable response to pricing, distribution, advertising, and promotional activity that is related to the brand”, and the same thought process applies for licensing, as it can positively influence brand image. Customer-based equity occurs when a consumer is already familiar with a brand and has already developed some favorability and/or strong associations with the brand (Keller, 1993). Keller’s work brings into the equation, the implications for sales, market share and profits of effective brand management, and its consequences to the formation of brand value. Further research needs to be conducted on the idea of stakeholder emotional involvement, and in particular that of customers, and how these engage emotionally with the organization and its products, the processes, the

codes of conduct, the terms of engagement that are inherent to customer emotional involvement. Customers and their needs will always be a pressing topic in any worthwhile future research agenda into branding issues, brand equity and brand value formation, for it is customers who will always dictate and ascribe value to a brand as a function of expressed preference and loyalty. Customers and their needs, whether actual or latent, will forever remain under researched. There is a dire need for continuous valid inputs into such critical knowledge as that of cultural specificities and aesthetics, which will always vary according to geography, space and time, irrespective of how homogeneous, cultural and economic systems tendentially become, or may turn out to be in the future. The development of a clear understanding of the possible dimensions of emotional attachment need to be scrutinized further, and valid benchmarks defined. Further research also needs to look into the role of brand equity dimensions in the shaping of business strategy, and the ways in which managers are capable of creating brand value through their own initiative and action in organizations.

Simon & Sullivan’s (1993) model of brand equity is based on objective market-based measures, that incorporate the effects of brand performance outputs and accounts for the revenue-enhancing characteristics of brand equity. However, their model has clear limitations in that it is not applicable to non-public companies and also constitutes an aggregated macro approach, which is not deemed suitable for brand-level data, i.e. individual brands. Simon & Sullivan’s (1993) work

suggests that further research should indeed be conducted on brand equity, and how value is susceptible of being extracted from anyone or anything within the organization and its pool of assets. Financial-market based approaches are therefore welcome, and further research needs to be conducted on the financial aspects of brand value. The emphasis shall be on the development of measures and metrics that are based on objective market-based criteria, and that incorporate the effects of brand performance outputs. Aggregated macro approaches that go beyond individual brand-level data need to be developed. Future research also needs to identify more refined measures of market share and advertising, as this allows for better estimations of brand equity.

Kamakura & Russell (1993) have proposed behaviorally based measures of brand valuation that rely on actual consumer decision-making and consumption choices in the market. The authors conceptualize brand equity as a measure of the intrinsic utility or value of a brand to consumers and they derive the BEq measure by using a probabilistic choice model following the classical assumptions of random utility. The BEq measure is estimated using several situational factors, including price, perceived quality of product features and recent advertising. Kamakura & Russell (1993) have shown there to be a positive correlation between brand value and brand market share as well as prices at which brands are traded in the market. Kamakura & Russell's (1993) work also leaves open ideas for further research on consumer choice and the establishment

of possible links with brand equity and brand value formation.

Yoo et al. (2000) have investigated the relationships between selected marketing mix elements and the creation of brand equity. They have proposed a model whereby an assumption is made that marketing mix elements exert significant effects on dimensions of brand equity (Yoo et al., 2000). The authors focus on a few key elements, particularly on price, store image, distribution, advertising expenditure, price promotions or special deals, all marketing mix elements with a view to determining the relationship between these and brand equity formation. Yoo et al.'s (2000) work point out that areas for future research may focus on marketing management and the notion of looking into brand equity from the viewpoint of improving its conceptualization. They suggest that the research perspective shall be on actively seeking for the determinants of brand equity as well as the interrelationship between brand equity and marketing mix management. The exploration of the connections between marketing mix management and its contribution to the bottom-line of brand equity formation is needed for further development of marketing science. The interaction between marketing mix management and brand equity formation, and in particular the consequences of the former upon the latter, need to be scrutinized further within a body of research that is as important for organizations, as it is under explored. Research on sales and its impact on brand equity is also recommended and the same thinking applies to incremental studies on the relationship between

price and the quality of goods and services. Further research into how consumers use price as a proxy for quality evaluations of goods and services is particularly welcome.

The long-term effects of marketing activities, brand management, and the brand value formation effort, also require much scrutiny and comprehensive research, as this has been particularly under investigated. The interdependency effects between the various brand equity dimensions, also requires looking into in some depth, in the context of future research, as well as the critical role of brand equity and its contribution to organizational success.

Ailawadi et al. (2003) have suggested, in the context of a study conducted on revenue-premium brand equity, that the latter is influenced by sales, generated by the organization working on the marketing mix whilst acknowledging the existence of competitor brands that pursue similar objectives. The authors outline what they perceive as strategic implications by stating that (2003, p. 3) “equity is created (...) by the firm’s previously existing strength from its corporate image, product line, R&D, and other capabilities”. It has unfortunately been the case that the authors have not paid enough attention to the antecedents of brand equity, where it originates from, its determinants and drivers, and we are therefore left with only limited knowledge about their views on different marketing and strategic issues, rather than what could instead have been an analysis of BEq measurements and techniques. Ailawadi et al.’s (2003) approach to brand equity resides much on what this concept signifies as a

source of revenue premium for organizations. Further research needs to be conducted on the development of possible metrics and alternative approaches to the financial aspects of brand value and its meaningful contribution to the bottom line of profitability. There are currently insufficient insights into consumer-based sources of brand equity and a possible contribution of future research into this area may come precisely from following the consumer path of brand equity creation.

The consequences of brand building investments (e.g., advertising) to brand equity formation and brand value, requires further research, and the same applies to research leading to a better identification of benchmark or reference brands. Novel issues and questions also naturally arise from the exploration of the relationships that are present throughout the development process of high-equity brands. Measurements that are grounded on price/revenue premium models are intuitively appealing. However, they can result in biased estimates of BEq, in that a premium approach captures only one dimension of brand equity, and neglects its ability to mitigate marketing costs for existing and indeed future brands (cf. Simon and Sullivan, 1993). Revenue premium approaches are not widely accepted as valid theoretical frameworks, due to an only vague identification of the benchmark brand, i.e., an identification of the brand without equity associated with it. The limitation of this approach lies in the fact that it expresses only the financial side of the brand equity paradigm without any depiction of marketing strategy. Again, Simon and Sullivan’s (1993) work suggests that further investigation is

required on financial market-based approaches with an emphasis on the financial aspects of brand value, because it directly derives from a multitude of organizational assets. Subsequent approaches to the theme need to be based on objective market-based measures and to incorporate the effects of brand performance outputs. More refined measures of market share and advertising are also needed, metrics that lead to the identification of more accurate estimations of brand equity. Linked with this is the need for the incorporation of alternative criteria that need to be factored in for the purposes of improving accuracy in brand equity estimations.

Authors like Raggio and Leone (2007) have thoroughly disagreed with the revenue premium concept and have suggested that there may be a potentially positive outcome for pioneering brands if they are to establish a new brand category. They later demonstrated that customer equity is a measure of brand value, and should therefore not be misinterpreted as an independent equity measure (Raggio & Leone, 2009). The work of Raggio & Leone (2009) suggests new avenues into future research, of a kind that has a particular focus on brand value formation, as seen from an internal organizational perspective. Brand value represents the sale or replacement price of a brand and depending on whoever owns the brand this value differs. Customer equity is also a partial measure of brand value, and thus should not be considered as an independent equity construct. All of these themes are open questions that deserve careful scrutiny in future research programs, which will certainly contribute to their much needed clarification.

Keller & Lehmann (2003, 2006) have conceptualized and tested a model in its reduced form: marketing activities => product-market results => financial impact; adapted and “localized” within brands. Our study, on the other hand suggests that future research should be positioned at the center of these multiple research agendas, implying different focuses and approaches. Our emphasis is on organizations and consumers, and we take into account complex financial and marketing phenomena. Keller & Lehmann’s (2003, 2006) work suggests that there is ample ground for investigative research to be conducted on the brand value chain (BVC) by taking a holistic approach that is inclusive of individual brand equity conceptualization approaches as well as suggesting alternative metrics and looking deeper into brand equity sources and determinants of brand value and its creation.

The financial marketplace brings with it strategic implications for the determination of brand value, and this needs to be explored further in coming research. Brand value chain (BVC) measurement approaches are fundamentally based on a focus towards the customer and the customer’s mindset, but they also include the product, as well as financial markets, their judgments, perceptions and valuations, and all of these constitute realities that are forever mutating. From a managerial viewpoint, the BVC suggests where and how value is created for the brand, and this is critical for an organization, as it allows for a persistent optimization of allocated resources, thus ensuring brand value maximization. The relative success or failure of a brand equity program is based on acknowledging the

uncontrollable nature of factors that influence brand value creation. Other research may lead down the path of determination of how much of brand value gets transformed into shareholder value and how much of value creation is dependent upon established and executed marketing programs, as well as how determinate is the interdependence between factors that inhibit brand value creation. All of these questions conform to worthwhile lines of future enquiry.

Srinivasan, Park & Chang (2005) suggest possible avenues for subsequent research on sources of brand equity as seen from the viewpoint of consumer. The authors suggested measurement of the BEq based on its money incremental contribution, which is based on customer's incremental choice probability. Srinivasan et al. 2005 have proposed three sources of BEq: brand awareness, attribute perception biases and nonattribute preference. Several open questions remained. First, the study doesn't offer appropriate measurement of the relative impact of each source on the BEq. Second, the proposed customer-based measure of BEq lacks the market valuation.

Ambler (2008) on the other hand opened up room for future research to be conducted on financial marketing metrics with a view to attaining silver metrics for the assessment of performance. In this context, financial performance measures are necessary, but not sufficient when valuing brand equity, and thus silver metrics for brand equity that rely on complementary dimensions are deemed as necessary. Furthermore, a poignant question that needs to be properly addressed in the context of

future research into the topic, relates to whether brand valuation metrics should be limited to comparative analyses of marginal aggregated value that is inherent to branding, when contrasted with comparative financial outcomes that derive from equivalent unbranded products. Finally Ambler's (2003) work suggests future avenues for research based on the ideas that marketing performance is about short-term profit or net cash flows and a proxy for future changes in the marketing asset or brand equity, which is largely grounded on intangible dimensions of the value proposition and that will ultimately sustain the organization long into the future. Future research into the nurturing of the marketing asset, as something one works on today, with a view to building tomorrow's brand equity is an instant requirement for organizations, who seek to build brand equity, both in the context of product brands but also for corporate brands.

4. Conceptual discussions and avenues for future research

In studying brand equity formation, we call for the development of more comprehensive methodological approaches when researching BEq. The gap in the literature and in practice exists in consumer-company value creation, consumer-financial as well as marketing-company domains. Our taxonomy notations (see details in Table 1) show that several authors have taken the BEq conceptualization approach (e.g., Farquhar 1989, Aaker 1991, Keller 1993, Yoo et al. 2000, Ambler 2008, Keller & Lehmann 2006); the BEq metric

approach as evidenced by Simon & Sullivan 1993, Kamakura & Russell 1993, Ailawadi et al. 2003, Srinivasan et al. 2005; as well as Yoo et al. 2000 and Ambler 2008 have tried to investigate the sources of BEq determinants. Having presented a typology as to what currently exists in the literature, we have concluded for the need for further research that will elicit a better understanding as to the antecedents of brand equity and its formation in organizations. In following subsections, we will first address open questions and issues from the existing literature that still remained unanswered and then suggest research domains toward a general brand equity theory.

4.1 Open questions and avenues for future research

Based on an extensive literature review and taxonomy presented, we suggest three domains for future research avenues that should bring us toward a unifying theory of brand equity, namely: consumer and company value perspective (i.e. stakeholder value), managing marketing assets and financial performance. In establishing inroads into the brand equity literature and aligned with organizational needs and those of practitioners in the field the following themes and issues should undergo extensive scrutiny from the academic and practitioner communities alike:

- 1) Consumer and company value metrics (Stakeholder value)

- Future research on brand value as seen from an internal stakeholder firm perspective
- Stakeholder (customer) emotional involvement with the organization
- Novel ways in which branding aggregates value to organizations and their products
- Brand management and brand equity formation as key to modern organizations
- Constant focus on the consumer
- Cultural specificities and aesthetics and variations according to geography, space and time
- Understanding of the possible dimensions of emotional attachment and subsequent search for valid benchmarks for stakeholder emotional connection with the brand
- Ways in which managers are capable of creating brand value for their organizations
- Improvement of brand equity conceptualizations
- Further research on the determinants of brand equity
- Interaction effects between the dimensions of brand equity and brand value formation
- The role and importance of brand equity to organizations
- Research to be conducted on the brand value chain (BVC), taking a holistic approach that is inclusive of heterogeneous brand equity conceptualization approaches
- Suggesting alternative metrics and looking deeper into brand equity sources and determinants of brand value creation. This implies continuous search for the determinants of brand value and further insights into consumer-based sources of brand equity
- The role of inter-organizational relationships in building high equity brands
- Brand value chain (BVC) measurement approaches are based on the customer mindset, products, and financial markets and these realities change all the time
- The BVC suggests where and how value is created for the brand, and this is critical for an organization, as it allows for resource allocation

optimization and the maximization of brand value

- The relative success or failure of a brand program is based on acknowledging the uncontrollable nature of the multitude of factors that influence brand value creation and this requires further enquiry
- Other research may lead down the path of how much the value generated by positive brand performance gets transformed into shareholder value,...
- ... and how much of value creation is dependent upon established and executed marketing programs
- ...as well as how determinate is the interdependence between factors that inhibit brand value creation
- Sources of brand equity from the viewpoint of the consumer

2) Managing marketing assets

- Strategic aspects of brand equity formation, its antecedents and underlying processes
- Alternative paths into the development of strong brands in new environments
- Focus on the underlying marketing assets of brand equity and ways in which to identify specific features that constitute underlying brand assets
- Insights into taking good care of brand portfolios as guardians of brand value
- Brands can serve as tools for both short-term and long-term business strategies
- Research into the role of brand equity and how it shapes business strategy
- Aggregated macro approaches that derive from brand-level data of individual brands should be emphasized.
- The consequences of brand building investments (e.g., advertising) to brand equity
- Research on the interrelationship between brand equity and the marketing mix
- Ways in which the marketing mix contributes to the bottom-line of brand equity formation

- The effects of marketing management and the marketing effort on long-term brand value formation
- Better identification of what may constitute the benchmark or reference brand.

3) Financial performance and outputs

- Leveraging brand equity
- The implications for sales, market share and profits of brand equity
- More financial-market based approaches to brand value are welcome
- Brand equity and how value can be derived from any company asset
- Measures and metrics that are based on objective market criteria and that incorporate the effects of brand performance outputs.
- The determination of silver metrics of performance assessment. Financial performance measures are necessary, but not sufficient in valuing brand equity, and silver metrics for brand equity are thus seen as desirable
- Identification of more refined measures of market share and advertising effectiveness allowing for better estimations of brand equity
- Research on sales and its impact on brand equity
- Relationship between price and the quality of goods and services
- How consumers use price as a proxy for the quality of goods and services
- Further work on financial market-based approaches
- Subsequent metrics need to be based on objective market-based measures
- More refined measures of market share and advertising are needed for more accurate estimations of brand equity
- What factors need to be included for the improvement of brand equity estimations.
- Brand equity as directly extracted from company financial assets.

- The financial marketplace creates strategic implications for brand value and this requires further research
- Determine whether brand valuation should be limited to comparative analyses of the additional value ascribed by branding compared to profit streams derived from equivalent unbranded products or other ways should be devised into looking into these issues

4.2. Toward a general brand equity theory

The existing marketing literature suggests further research in the consumer and company co-operation domain. These views are in line with some contemporary approaches (e.g., Iglesias et al. 2013, Merz 2009, Babin & James 2010) that suggest embracing stakeholder co-operative perspective in the creation of brand value. We argue that an important pillar of the brand equity theory is stakeholder value perspective that posits the brand value as a social and dynamic process of brand creation among stakeholders, rather than having narrow and limited perspective from the consumer or company view point. This argumentation is in line with the stakeholder marketing perspective which strongly suggests that value represents benefits from stakeholder exchanges (Hult et al. 2011). The market power and control is not with consumers or company, but among brands' stakeholders. Second pillar must be marketing assets and their role in facilitating the value for stakeholders and expected outcome of brand's financial performance. For instance, a firm may invest heavily in sales promotion or advertising campaign, but if there is no value for stakeholders the financial performance output will be very small.

The third pillar is brand financial performance outputs, such as premium price mark-up, high market share, high return on investments, etc. The most of businesses (we can't claim that all do) make their financial plans and expected performance outputs. From a market dynamic perspective, a brand may have a high financial performance in the current period, but without continuous investments in marketing assets and stakeholder values that position will be jeopardized and in subsequent period will be lost. As Hult et al. (2011) point out, the organization is a dependent part of social networks and holistic stakeholder marketing perspective may provide achievement of performance goals through the value for all stakeholders.

TAKE IN FIGURE 2

TAKE IN FIGURE 3

Figures 2 and 3 represent the interaction among three business domains in the creation of brand equity. We believe that typical business situation (will) covers only small interaction area (Figure 2) among these pillars of brand equity. The ideal situation, and our hope is that managers and academics will embrace this approach, is represented in Figure 3 where these three pillars are unified in one single voice of the brand for all their stakeholders.

In the end, what is sought, is a search for the Holy Grail of branding, a general brand equity theory. The theory shall expand on the basic notion that marketing performance is not only about the

short-term profit or net cash flows, but also constitutes a proxy for future changes in marketing assets and / or stakeholder values, largely grounded on intangible dimensions of the value proposition that will sustain the organization well into the future. In so doing it would be important to find a brand equity theory that would be inter-contextual and applicable across different types of brands and different sectors of economic activity, which would transverse time and geography. Future research should seek for a unified theory of branding, one that acknowledges that the brand is a fundamental marketing asset and an important financial performance driver, something one works on today, with a view to building tomorrow's brand equity. This (future) theory must be of extreme organizational relevance and with significant implications for products as well as to corporate brands.

5. Conclusions

The brand equity paradigm and its importance for marketing theory is in the research focus for more than two decades. There is no agreement in the literature how to develop a unique measure of brand equity, neither what are the sources, or drivers, or determinants.

We synthesized contemporary approaches in the field, identified research gaps and proposed open questions that should be tackled as well as avenues for future research. We argue that a creation of unifying brand equity theory must incorporate three

business domains: stakeholder value, marketing assets and financial performance of the brand.

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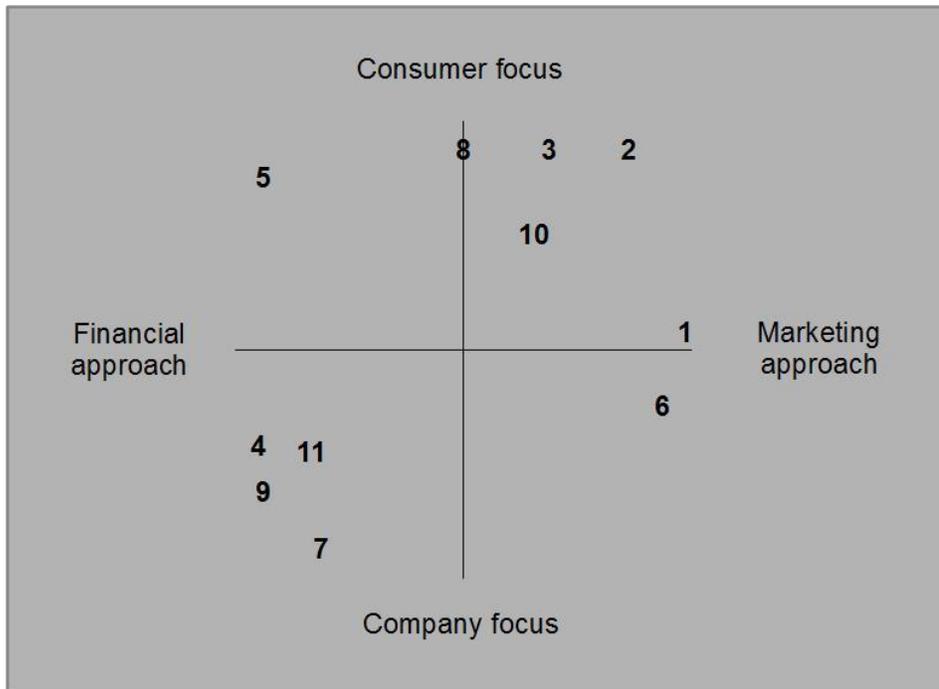
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FIGURES:

Figure1: Brand value concepts position matrix



Note: 1 – Farquhar (1989); 2 – Aaker (1991); 3 – Keller (1993); 4 – Simon & Sullivan (1993); 5 – Kamakura & Russell (1993); 6 – Yoo et al. (2000); 7 – Ailawadi et al. (2003); 8 – Srinivasan, Park & Chang (2005); 9 - Ambler (2008); 10 – Keller & Lehmann (2003, 2006); 11 – Raggio & Leone (2009)

Figure 2: Three business domains in the creation of brand equity

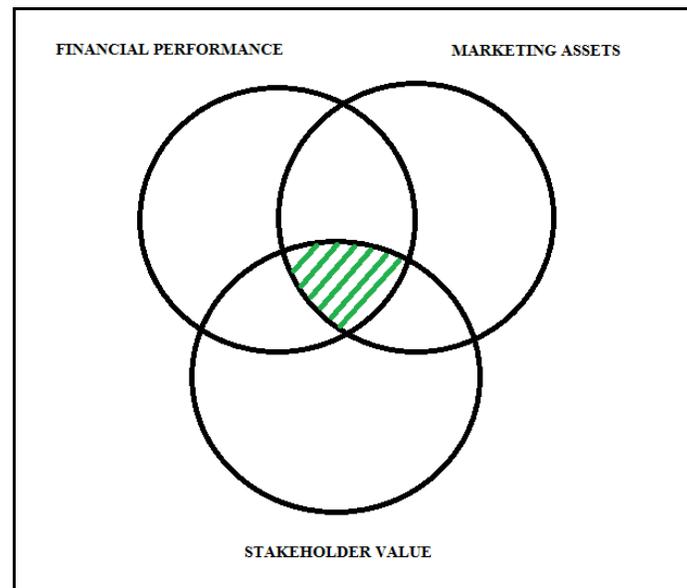


Figure 3: The pillars of brand equity

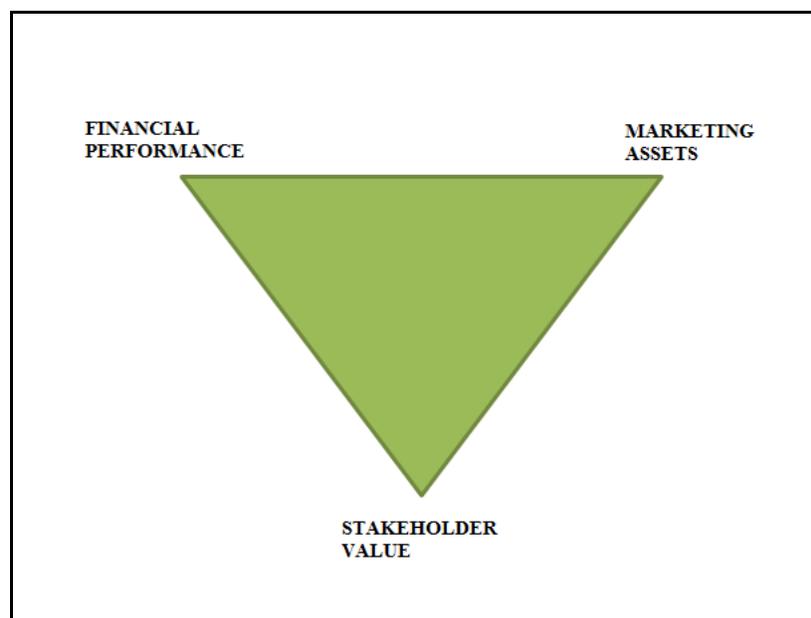


Table 1: Taxonomy of brand value: main concepts, research focuses and exemplars

No.	Exemplars	Type of the brand value model	Taxonomy notation	Research focus	Conclusion	Open questions and dilemmas
1	Farquhar (1989)	marketing management	C	strategic aspects and leveraging brand equity	Brand endows a product Brand equity is the added value Development of a strong brand is imperative	What is a proper strategy for leveraging brand equity? What are determinants of brand value?
2	Aaker (1991)	consumer-based brand equity	C	consumers	A management of brand equity and brand portfolio is a guardian of the brand value Defines underlying assets of the brand equity	How to identify specific features that constitute underlying brand assets? How brand can serve as a tool for long-term vs. short-term business strategy?
3	Keller (1993)	consumer-based brand equity: conceptual framework	C	consumers	Implications for sales, market share and profits A brand has a positive customer-based brand equity if consumers are attached to the brand	What are valid benchmarks? What are the effects of brand equity dimensions on business strategies? How marketers can create value for a brand?
4	Simon & Sullivan (1993)	financial market-based approach	M	financial aspect of brand value	The value of brand equity is extracted from the value of the firm's assets. based on objective market-based measures and incorporates the effects of brand performance outputs Not applicable on non public companies Aggregated macro approach not applicable on brand-level data (individual brands)	More refined measures of market share and advertising are needed, in order to estimate brand equity more accurate. Which factors should be included to improve brand equity estimations?
5	Kamakura & Russell (1993)	consumer choice	M	consumer	BEq is a measure of the intrinsic utility or value of a brand to consumers Positive correlation between brand value and market share	What are possible links of the consumer choice to BEq and brand value formation
6	Yoo, Donthu & Lee (2000)	marketing management	C, D	marketing mix	The interaction effect of marketing mix on brand equity Sales has influence on brand equity Price is related to quality; consumers use it as a proxy for the quality	Has limited marketing efforts from a long-term perspective of brand management Comprehensive research on the interaction effect of brand equity dimensions on brand equity is needed. The role of brand equity in the firm's success need to be investigated.
7	Ailawadi, Lehmann & Neslin (2003)	revenue premium	M	financial aspect (contribution) of brand value	Lack of insight into "the consumer-based sources of brand equity" (pp.15) Additional brand building investment (e.g., advertising) in the brand raise the brand value.	What is the identification of the benchmark brand? What are structural relationships in the development process of high-equity brands?
8	Srinivasan, Park & Chang (2005)	sources of brand equity	M, D	Consumer	BEq is a measure of annual money incremental contribution between branded and non-branded products. Sources of BEq are brand awareness, attribute perception biases and nonattribute preference.	The lack of market valuation of consumer-based measure and appropriate measure of the relative impact of each source on the BEq
9	Ambler (2008)	financial marketing metrics	M	determination of silver metrics for performance assessment	Financial performance measures are necessary, but not sufficient in valuing brand equity.	What is the silver metric for brand equity? "...should brand valuation be limited to the additional value of branding compared to the profit stream from the equivalent unbranded product?" (pp. 417)
10	Keller & Lehmann (2003, 2006)	the brand value chain (BVC)	C, M, D	brand value creation	The financial marketplace creates strategic implications for the brand value The BVC measurement approaches are based on the customer mindset, product and financial market From managerial point of view, the BVC suggest where and how value is created for the brand. The relative success or failure of a brand programme is based on recognising the uncontrollable nature of factors that influence a brand value creation.	How much the value reported in the performance of a brand transforms to shareholder value? How much is the value creation dependent from established and executed marketing programme? How is determinate the interdependence between factors that inhibit a brand value creation?
11	Raggio & Leone (2009)	Brand value formation	C, M	Firm's perspective	Brand value is analyzed from a firm's perspective Brand value represents the sale or replacement price of a brand and vary depending on the owner Customer equity is a partial measure of brand value, and should not be considered as an independent equity construct (p. 261)	Focus on brand value formation, as seen from an internal organizational perspective

Note: C – BEq conceptualization approach; M – BEq metrics approach; D – Sources of BEq determinants