

# *An Overview of the Composition and Management of Brand Equity*

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**Abstract:** The definition of brand equity has been gradually improved, but the existing studies are mostly case studies and unilateral studies, and the studies that integrate and sort out brand equity from multiple perspectives are relatively rare. By reviewing and sorting out the international literature on brand equity, this paper summarizes the definition, components, evaluation methods and prospects of brand equity, in order to promote the better development of corporate brand equity. The article holds that it is very important to use publicity channels effectively to stimulate consumers, establish effective brand association, and enhance brand awareness and recognition to enhance brand value. In addition, brands need to segment the market and strengthen brand trust in a targeted way. And establishing a consistent and effective brand image helps to enhance brand awareness and brand recall, as well as promote brand loyalty. At the same time, for high-equity brands, brand extension and expansion is also particularly important.

**Keywords:** brand equity, brand equity management, brand value, brand image

## **1. Introduction**

The definition of brand equity has been continuously improved and clarified in recent years. At the end of the 20th century, Aaker mentioned in the definition of brand equity that brand equity is a set of brand assets and liabilities associated with the brand name and symbol. Moreover, brand equity can be subtracted or increased from the value provided by the product or service, while providing value to the customer and the company [1]. Keller defined brand equity as the added value of a brand [2]. Brand equity includes the subjective and intangible evaluation of the brand by consumers in addition to the material value of the brand, which is established through the image and meaning activated by brand awareness, brand attitude and corporate ethics. For example, Haidilao builds its brand by meeting different needs with rich and diversified service modes, and attracts consumers with service characteristics, thus increasing the value of its products. It brings more profits to the company. At the beginning of the 21st century, some scholars proposed that brand equity can be used as a signaling phenomenon, and that credibility (determined by the dynamic interaction between enterprises and consumers) is the main determinant of consumer-based brand equity [3]. After that, the definition of brand equity gradually became clear. It is generally believed that brands can bring direct or indirect sustainable benefits to businesses by influencing consumer behavior. At the same

time, brands are also protected by law and can be bought and sold. Thus, Brands can be considered as highly valuable legal properties of a company. At the same time, brand equity is also related to the brand image and distribution intensity in the minds of consumers.

In recent years, the importance of brand equity has been increasingly realized. As for brand equity, previous studies focus more on individual cases and certain aspects. There are few articles that comprehensively analyze brand equity from multiple perspectives. This kind of article helps to clarify the important aspects and influencing factors of brand equity and can help the company give full play to the role of brand and maximize the value of brand equity. It can also help companies attract more consumers from the perspective of brand equity, and flexibly change strategies according to changes in consumer demand. This paper reviews and combs the research on brand equity and argues that brand equity is the value that can be empowered and influenced by consumers, change value from products or services, and provide value to consumers and companies. Brand equity mainly includes brand awareness, brand image, brand loyalty, brand reputation, brand association, each part can not be cut off to create value for the brand. Expect to promote the better development of the company's brand equity.

## **2. Elements of Brand Equity**

### **2.1. Brand Awareness**

Brand awareness is critical and is the foundation of successful brand power [1]. For consumers, brand awareness becomes an important choice strategy in the face of familiar or repeated choices, and many consumers will show a tendency to recall. At the same time, why consumers habitually choose a brand has a lot to do with brand awareness [4]. In this regard, some scholars have proposed that consumers will regard brand awareness as a guarantee of quality in many occasions [5]. Consumers reduce the risk of buying poor quality products by buying brand-name products. At the same time, brand communication helps to enhance brand awareness [5]. Some other studies show that consumer participation is positively correlated with brand awareness, that is, the more consumers participate, the more brand awareness can be improved [6]. This may be because there is a herd effect in consumption. What some people buy of a brand will drive others to buy. Consumers will spontaneously form publicity and promotion of the brand, thus expanding the brand awareness. There is also a positive correlation between consumers' familiarity with brand names and logos and brand trust. This familiarity is also conducive to developing and building brand awareness. Therefore, brand awareness is the foundation of successful brand development. When studying brand equity, we can first study brand awareness and find its components. For example, brand logo and brand facade or brand main concept can be used as communication content to enhance brand awareness.

### **2.2. Brand Image**

By tracing various definitions and reasons, some scholars define brand image as "the brand concept held by consumers, which is mainly a subjective and perceptual phenomenon formed through consumer interpretation" [7]. To date, numerous studies have shown that a consistent and effective brand image promotes customer loyalty. At the same time, a good brand image will drive consumers' purchase intention [7]. Therefore, the building of brand image is particularly important, brand image also affects the future consumer groups, consumers are more willing to buy brands that match their image status. Wu, Yeh, & Hsiao proposed that service quality has a positive impact on brand image. Good service helps to enhance the positive impression of the brand in the minds of consumers [8]. There are many factors affecting brand image, and brand reputation is one of them. Other consumers' positive comments on the brand help to establish a good brand image. Therefore, the brand should pay attention to the customer's evaluation. On many Chinese online shopping platforms, merchants

offer small incentives, such as cash rebates, to motivate buyers to give positive reviews of their products, thereby increasing sales. Martinez & Chernatony showed that even brand extension has a dilutive effect and high brand perception is conducive to the establishment of an extended brand image [9]. That means, when a brand launches more and more new products, the brand's influence on consumers will decrease. However, if they recognize the brand, they will have a higher degree of trust in the new products launched by this brand. Among similar products, consumers are more inclined to purchase products they trust. Therefore, brand image also has a significant impact on consumers' purchases. In addition, when the brand image meets consumer expectations, it may have a better effect in promoting purchases.

### **2.3. Brand Loyalty**

In a highly competitive business environment, the ability to create brand loyalty becomes an essential element of business success. Brand loyalty reflects the process from habitual buyer to satisfied buyer, from liking brand to commitment [1]. Brand loyalty is influenced by many factors, including perceived quality, perceived value, customer satisfaction, brand trust and brand awareness. Moreover, brand loyalty plays an important role in enhancing brand image and equity. According to Atulkar, brand loyalty is directly or indirectly affected by perceived quality, perceived value, customer satisfaction, and brand trust [10]. Pappu and Quester proposed that brand awareness is an important factor affecting consumer decision making and a precursor of brand loyalty [11]. Brand trust can be considered as the prerequisite for brand loyalty. Customers first develop trust to a brand before establishing loyalty. Erfan & Choon shows that brand loyalty plays an intermediary role in brand connection and brand equity [12]. Therefore, popularity and brand image gradually affect consumers' trust in the brand, strengthen consumers' sense of identity with the brand, and eventually achieve unconditional trust and purchase of any product of the brand.

### **2.4. Brand Reputation**

Reputation implies trustworthiness, integrity and honesty, and the demand for a brand means a high reputation in the minds of consumers [13]. The formation of brand reputation should not be confused with the creation of perceived quality, and compared with customer satisfaction, brand reputation has a stronger driving force for brand loyalty [13]. Brand reputation plays an intermediary role between brand equity and brand trust [14], while brand reputation has a positive impact on brand trust and enterprise value performance [13]. Brand reputation is more inclined to good reputation. When brand reputation is established, it will have a strengthening effect on brand trust, thus affecting loyalty and enhancing consumers' purchase intention. Nevertheless, it is important to note that brand reputation is fluid. A brand's reputation can go up or down, so proper brand reputation management is crucial for brand development.

### **2.5. Brand Association**

Brand associations include product attributes and uses, customer interests, lifestyle, competitors, etc. Association is the basis for differentiation and expansion, providing reasons for active purchase [1]. Brand association has many influences on brand loyalty. Positive brand associations have a positive impact on promoting brand loyalty. Conversely, negative brand associations can damage brand loyalty. Some high-asset brands, such as Coca-Cola and McDonald's, have a higher market share than their competitors. The key reason is that consumers have positive and unique associations in their memory [15]. This may also explain why brands such as Coca-Cola or McDonald's often use cheerful, positive scenes in their advertisements, which helps consumers to build positive associations with the brand and thus enhance brand loyalty. In addition, Jin and Lee proposed image association

and memory effect [16]. They believe that a good brand association can leave a brand impression on consumers and form marketing strategies, which has a positive effect on inducing purchasing decisions [16]. Nowadays, many brands introduce brand co-branding. For example, the joint branding of Chinese coffee brand Cudi Coffee and Argentina national team is a way to reflect brand association. Through joint branding, the association of Argentina national team can be generated in the memory of consumers, thus improving consumers' purchase willingness.

### **3. Brand Equity Management**

Brand equity management is very important in an enterprise. Research shows that only brand equity plays an important role in improving customer life cycle value, and enterprises need to obtain customer recognition for their brands [17], so that customers may maintain brand loyalty and purchase in the future. Therefore, brand managers should emphasize the establishment and maintenance of brand equity to enhance customer life cycle value. Because well-known brands are valued at a much higher premium than ordinary brands, it is necessary for companies to invest money, time and manpower in brand equity management. Brand is the face of a company, and effective brand management is the key to a company's operation.

Brand management is a process of creation, coordination, and integration that helps bridge the gap between a brand's image, identity, and what remains of it. Using mature brand to promote new services or goods is conducive to the company. In this way, the original brand awareness can be fully utilized, thus lowering the risk of the putting new services or goods into the market. This may be related to the customer's attachment to the brand. Therefore, establishing brand attachment with consumer groups can help brands enhance customer loyalty. When customers have trust in a brand, they will be more willing to buy products under the brand. For example, when Starbucks expanded globally, it rebuilt consistent customer experience in every foreign market it entered, satisfying consumers' brand attachment, and its economic growth was mostly derived from its brand [18].

### **4. Conclusion**

Brand equity is becoming more and more the internal competitive force of a company. In the digital age, the Internet can quickly transmit information to all parties. Companies can increase the brand awareness and recognition of consumers through continuous advertising stimulation, through which they can leave an impression in the minds of consumers. Moreover, companies can make reasonable use of Internet. For example, they can use domestic and overseas social media to popularize their products and services or cooperate with celebrities. In summary, increasing advertising or expanding traffic through live streaming are all ways to enhance brand equity in the future. At the same time, if a brand wants to stand out among many brands, it is necessary to highlight the individuation of the brand. Nowadays, many brands share much in common. Therefore, it is necessary to create unique products according to the needs of different customers. First, companies need to make market segmentation, further the segmentation of consumers. Then, companies need to consolidate old users, enhance brand loyalty and association at the same time. At last, they need to highlight personalized design, and enhance brand awareness. From the S-D logic of previous analysis, customer-based brand equity is more important, so we need to better meet the needs of customers to seek higher brand equity value. At the same time, it is also very important to do a good job in brand extension. Research data show that the more favorable the customer's evaluation of the parent brand, the more likely the extension will be successful. In addition, emotional connection as well as building a good brand attachment is a key factor in brand extension for a company. In short, from the customer's point of view, can effectively enhance the value of brand equity. This article is based on literature to summarize and review the issue of brand equity, with some studies being relatively early. User

psychology is also changing with the times. The attitude and cognition of customers of the Z-generation may be very different from other generations, especially under the the influence of the development of Internet. Further research hopes to obtain more results through data analysis and user surveys about Z-generation.

### Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

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