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A CONCEPTUAL FRAMEWORK FOR UNDERSTANDING CONSUMER – BASED BRAND EQUITY

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Abstract:
The paper focused on dimensions of consumer – based brand equity. The purpose of this paper is to propose a model to better understanding consumer – based brand equity. The author develops the relating conceptual study through the differentiation and integration as specific conceptual goals. The brand equity paradigm and its importance for marketing theory have been 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, drivers or determinants. The analysis and development of the conceptual study in this paper provide valuable theoretical insights on the determinants of brand equity formation and the development consumer – based brand equity measurement tool. To conceptualize consumer-based brand equity this study builds on Keller's (1993) and Aaker's (1991) definitions. The author also followed Buil' et al. (2013) framework for conceptual contributions in marketing.

Keywords: conceptual framework, consumer – based brand equity, consumer, associations, awareness, quality, loyalty

1. BRAND EQUITY AND CONSUMER BASED BRAND EQUITY

Modern marketing theory and practice recognize brand equity as being a key business strategic asset of a company. Keller and Lehmann (2006) have argued that a brand represents its influence at three primary market levels – customer, product and financial – and that the value accrued by these markets can be called brand equity. The brand equity concept has been discussed to a great extent in marketing literature and many researchers have offered different approaches to the conceptualization and definition of brand equity (Aaker, 1991; Farquhar, 1989; Srinivasan et al., 2010; Buil et al., 2008), as well as different viewpoints about the factors that influence it (Buil et al., 2013). Brand equity is a core concept of marketing. Although extensive research has been conducted on brand equity, the literature on this subject is largely fragmented and inconclusive. Numerous definitions of brand equity have been proposed. Most of them, from a consumer perspective, are based on the premise that the power of brands lies in the minds of consumers (Leone et al., 2006). Others, from a financial perspective, consider brand equity as the monetary value of a brand to the firm (Simon and Sullivan, 1993). The financial value of a brand is, however, the final outcome of consumer responses to brands (Christodoulides and de Chernatony, 2010) and as such previous research on brand equity has tended to focus on the consumer perspective.

Aaker (1991) and Keller (1993) developed the foundation for consumer-based brand equity research. From a cognitive psychology approach, Aaker (1991, pp. 15) defines brand equity as “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”. These assets are brand awareness, perceived quality, brand associations, brand loyalty and other proprietary assets. Keller (1993) develops an alternative view and defines the concept of consumer-based brand equity as the differential effect of brand knowledge on consumer response to the marketing of the brand. Keller views brand equity in terms of brand awareness and the strength, favorability and uniqueness of brand associations that consumers hold in memory (Buil et al., 2013). It is clear from the above definitions that “brand equity is a multi-dimensional concept” (De Chernatony and McDonald, 1998, pp. 396) and can be considered from a number of different perspectives, including financial markets, the consumer, the firm, the employees and the channel of communication (Kim et al., 2003). Aaker (1991, pp. 4) offers that brand equity can: help a customer interpret, process, store, and retrieve a large quantity of information about products and brands; affect the customer’s confidence in the purchase decision; and enhance a customer’s satisfaction when the individual uses the product. Following Aaker’s and Keller’s approaches, this study uses a consumer-based brand equity measure that consists of four key constructs: brand awareness, perceived quality, brand associations, and brand loyalty. These brand equity dimensions are widely accepted and used by numerous researchers (Yoo et al., 2000; Kim et al.2003; Pappu et al., 2005; Lee and Back, 2010; Pike et al., 2010; Kim and Hyun, 2011; Buil et al., 2013; Vukasovič 2011, 2012).

Customer-based brand equity is the differential effect of brand knowledge on consumer response to the marketing of the brand (Keller, 1993). It occurs when the consumer holds some favourable, strong and unique brand associations in their memory (Kamakura and Russell, 1993). A brand is said to have positive customer-based brand equity when consumers react more favourably to an element of the marketing mix for the brand than they do to the same marketing mix element when used by a fictitiously named or unnamed version of the product or service (Keller, 1993). In other words, it can be defined as how much a customer likes the brand and how much this affinity toward the brand influences purchase behaviour. A true measure of the strength of a brand depends on how consumers think, feel, and act with respect to that brand (Keller, 2003). Further, a key consideration when defining brand equity is that it is not absolute but relative to competition, i.e. it is the amount of confidence consumers place in a brand relative to its competitors and is thus the consumers’ willingness to pay a premium price for that brand (Lassar et al.,1995). Customer-based brand equity is said to have been achieved when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favourable, and unique brand associations in memory (Keller, 2003). From a consumer’s point of view, brand equity represents attributes such as better product performance, stronger risk reduction, lower information costs and a positive image of the product. Consumer-based brand equity represents the added equity of the brand to the consumer (Farquhar, 1989).

2. BRAND EQUITY: A MEASUREMENT AND CONCEPTUAL FRAMEWORK

Brand equity is a multi-dimensional concept (Aaker, 1996; Yoo et al., 2000). This study proposes causal relations among the four brand equity dimensions. The existence of a hierarchy among brand equity dimensions has been postulated in the literature (Maio Mackay, 2001; Yoo and Donthu, 2001; Keller and Lehmann, 2003, 2006; Lehmann et al. 2008). The focus of this paper is to determine the applicability of existing theory on customer-based brand equity. The conceptual model used in this paper builds on the work of Keller and Aaker. Following Keller (1993) brand equity is presented as a two-dimensional construct-based around brand awareness and brand image. Brand loyalty is treated as an outcome of brand equity rather than one of its dimensions. Aaker (1991) defined brand awareness as the ability of a potential consumer to recognize the brand as a member of a specific product category and emphasized that awareness and recognition are essential before attaching attributes to the brand. While brand awareness is about the ability to link the brand to a product category, brand image is concerned with the associations that an individual makes with the brand. “A brand association is anything ‘linked’ in memory to a brand” (Aaker, 1991, pp. 109) and collectively, these brand associations define a brand image (De Chernatony, 2001; Keller, 1993). Brand associations may include a variety of attributes such as perceived quality, brand name and product attributes.

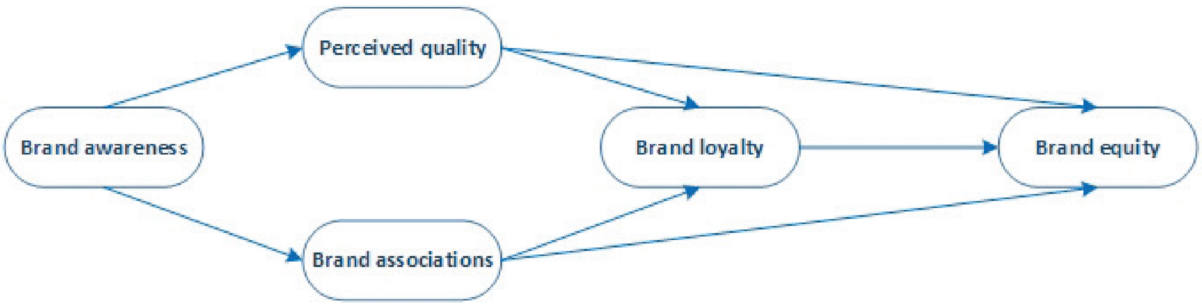
Most researchers advocate that the traditional hierarchy of effects model is a useful framework for studying the causal order among the dimensions of brand equity (Cobb-Walgren et al., 1995; Agarwal and Rao, 1996; Yoo and Donthu, 2001; Keller and Lehmann, 2003, 2006; Buil et al., 2013). This sequential process that consists of cognitive, affective and conative stages has been incorporated into the contemporary brand theories, such as the customer-based brand equity pyramid proposed by Keller (2003). Brand awareness is the first step to creating brand equity. It is the ability of a customer to recognize or recall that a brand is a member of a certain product category (Aaker, 1991). This dimension refers to whether consumers can recall or recognize a brand and is related to the strength of a brand’s presence in consumers’ minds (Aaker, 1996). Perceived quality and brand associations are also two key dimensions of brand equity. Perceived quality refers to the perception of the overall quality or superiority of a product or service relative (Keller, 2003), while brand associations are the concepts that have links to the brand name in consumer memory (Keller and Lehmann, 2006). Brand awareness involves linking the brand to different associations in memory (Keller, 2003). Therefore, consumers must first be aware of a brand to later have a set of brand associations (Aaker, 1991). Brand awareness affects the formation and the strength of brand associations, including perceived quality (Keller, 1993; Pitta and Katsanis, 1995; Keller and Lehmann, 2003; Pike et al., 2010; Buil, 2013). Keller (1993), working primarily on customer knowledge, advocated brand awareness and brand image as dimensions of customer-based brand equity. Yoo et al. (2000), Pappu and Quester (2005), Buil et al., (2013) empirically validated brand awareness as one of the dimensions of customer-based brand equity. Brand awareness is the part of knowledge equity. The depth and breadth of brand’s awareness determine brand equity (Keller, 1993; Shekhar Kumar et al., 2013).

Perceived quality and brand associations represent the antecedent step leading to brand loyalty (Keller and Lehmann, 2003). Brand loyalty is the attachment or deep commitment to a brand (Aaker, 1991). When consumers acquire a more positive perception of a brand, loyalty results. Previous research suggests that high levels of perceived quality and positive associations can enhance brand loyalty (Chaudhuri, 1999; Keller and Lehmann, 2003; Pike et al., 2010; Buil, 2013). Brand loyalty is the deeply held commitment to buy again or patronize a preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1997). Aaker (1991, 1996) theorized brand loyalty as one of the dimensions of customer-based brand equity. Yoo et al. (2000), Pappu and Quester (2005), Tong and Hawley (2009), Buil et al., (2008) empirically validated brand loyalty as the dimension of customer-based brand equity. Brand loyalty is another part of customers’ relationship equity with the brand. Brand association is anything linked in memory to a brand (Aaker, 1991). A link to a brand will be stronger when it is based on many experiences or exposure (Aaker, 1996). Aaker (1991, 1996) theorized brand association as one of the dimensions of customer-based brand equity. Yoo et al. (2000), Pappu and Quester (2005), Tong and Hawley (2009), Buil et al., (2013) empirically validated brand association as one of the dimensions of customer-based brand equity.

In our conceptualization of customer-based brand equity, we have previously identified four customer-based brand equity dimensions – brand awareness, brand associations, perceived quality, and brand loyalty. Previous studies (Pappu et al., 2005; Buil et al., 2013) have established relationship among brand awareness, brand associations, perceived quality and brand loyalty. Focusing on the direct effects that brand equity dimensions can have on brand equity, the greatest influences are expected to come from perceived quality, brand associations and brand loyalty. Brand awareness is a necessary but not sufficient condition to create value (Maio Mackay, 2001; Keller, 2003; Buil et al., 2013). As explained earlier, awareness is a prerequisite for brand equity since consumers must be aware that the brand exists. However, when consumers are aware of the main brands in the market, brand awareness is secondary (Maio Mackay, 2001). Therefore, it is proposed that brand awareness will have a positive, though indirect, influence on brand equity. Brand equity will depend on perceived quality since it is essential to develop a positive evaluation of the brand in consumers' memories (Farquhar, 1989). Furthermore, perceived quality can lead to greater differentiation and superiority of the brand. Therefore, it is proposed that the higher the perceived quality of the brand, the greater the likelihood that there will be higher brand equity (Yoo et al., 2000; Kim and Hyun, 2011). Similarly, through brand associations, firms can differentiate and position their products, as well as building favorable attitudes and beliefs towards their brands (Dean, 2004). This, in turns, can lead to higher brand equity (Yoo et al., 2000; Chen, 2001). Finally, brand loyalty has been found to be one of the main drivers of brand equity (Yoo et al., 2000; Atilgan et al., 2005; Yasin et al., 2007). Loyal consumers show more favorable responses to a brand. Thus, brand loyalty will contribute to growing brand equity. Our approach ensured the conceptual equivalence related to these aspects.

The model for consumer based brand equity developed in the current study focuses directly on the determinants of brand equity and is shown in Figure 1.

Figure 1: Conceptual framework



To conceptualize consumer-based brand equity this study builds on Keller's (1993) and Aaker's (1991) definitions. We also followed Buil' et al. (2013) framework for conceptual contributions in marketing. Brand awareness was measured with four items that assess recall, recognition and familiarity with the brand (Yoo et al., 2000; Netemeyer et al., 2004). The four items to operationalize perceived quality analyze the perceived quality and were adopted from the works of Pappu et al. (2005, 2006). Extant research on brand equity advocate that brand equity dimensions, such as brand image, may be expanded to clarify the structure of this construct in detail (Yoo and Donthu, 2001). Thus, three kinds of associations widely recognized in the literature were included: perceived value, brand personality and organizational associations (Lassar et al., 1995; Aaker, 1996; Chen, 2001; Netemeyer et al., 2004; Pappu et al., 2005). Finally, the scale proposed by Yoo et al. (2000) was used to measure brand loyalty as overall attitudinal loyalty to the brand. Brand equity measure was taken from Yoo et al. (2000) and Buil et al. (2013). This scale measures the incremental value of a specific brand due to the brand name in comparison with an unbranded product with the same characteristics. Well-established scales were employed to measure the constructs included in the model. In all cases, seven-point Likert-type questions were used (1 = strongly disagree and 7 = strongly agree).

Table 1: Constructs and operationalisation of the constructs

Constructs	Operationalisation of the constructs
Brand awareness Yoo et al. (2000); Netemeyer et al. (2004), Buil et al. (2013)	I am aware of brand X
	When I think of PC, brand X is one of the brands that comes to mind.
	X is brand of PC I am very familiar with.
	I know what brand X looks like.
Perceived quality Pappu et al. (2005, 2006); Buil et al. (2013)	Brand X offers very good quality products.
	Brand X offers products of consistent quality.
	Brand X offers very reliable products.

	Brand X offers products with excellent features.
Perceived value Lassar et al. (1995); Aaker (1996); Netemeyer et al. (2004); Buil et al. (2013)	Brand X is good value for money.
	Within PC I consider brand X a good buy.
	Considering what I would pay for brand X, I would get much more than my money's worth.
Brand personality Aaker (1996); Buil et al. (2013)	Brand X has a personality.
	Brand X is interesting.
Organizational associations Aaker (1996); Pappu (2005, 2006); Buil et al. (2013)	I trust the company which makes brand X.
	I like the company which makes brand X.
	The company which makes brand X has credibility.
Brand loyalty Yoo et al. (2000); Buil et al. (2013)	I consider myself to be loyal to brand X.
	Brand X would be my first choice when considering PC.
	I will not buy another brands of PC if brand X is available at the store.
Brand equity Yoo et al. (2000); Buil et al. (2013)	It makes sense to buy brand X instead of any other brand of PC.
	Even if another PC brand has the same futures as brand X.
	If there was another brand of PC as good as X.
	If another brand of PC is not different from X in any way.

Source: Buil et al. 2013

3. CONCLUSIONS

Brand awareness, perceived quality, brand associations and brand loyalty are extensively used constructs and are thus deployed in the current study. In addition to investigating how brand equity shapes consumer behavior, relationships between the four dimensions are explored. The brand equity paradigm and its importance for marketing theory has been a research focus for more than two decades. There is no agreement in the literature about how to develop a unique measure of brand equity, as well as what are its sources, drivers and determinants. The present article reflects some of the multi-faceted nature and roles of articles found in the literature. We followed Buil' et al. (2013) framework for conceptual contributions in marketing and developed the resulting conceptual study through differentiation and integration as the first step in theory development. Conceptual model can provide managers with useful insights into brand building efforts. As authors such as Lehmann et al. (2008) note, capturing the relationships among these factors is an important task. Managers should first build brand awareness as a means of improving perceived quality and building positive brand associations. Any influential drivers, including marketing mix efforts, should be undertaken to increase the level of familiarity or recall. As a model, focusing on developing and maintaining the determinants of brand equity will help marketers in positioning their products in the market and hence influencing the consumer choice. This is supported by Keller (2003) who noted that "brand equity can help marketers focus, giving them a way to interpret their past marketing performance and design their future marketing programs".

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