



# Chapter Two

**Marcom's Challenges:  
Enhancing Brand Equity,  
Influencing Behavior, and  
Being Accountable**



# Agenda

- 01** Explain the concept of brand equity from both the company's and the customer's perspectives
- 02** Describe the positive outcomes that result from enhancing brand equity
- 03** Present a model of brand equity from the customer's perspective
- 04** Examine how marcom efforts must influence behavior and achieve financial accountability.

# Brand

A name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of the competition.



# Definition of Brand Equity

Brand equity can be considered either from the perspective of the organization that owns it or from the vantage point of the customer.



# As Brand Equity Increases...

1. A higher market share is achieved
2. Brand loyalty increases
3. Premium prices can be charged
4. The brand earns a revenue premium



# Revenue Premium

The revenue differential between a branded item and a corresponding private labeled item.

Revenue premium=

$$(\text{volume}_b)(\text{price}_b) - (\text{volume}_{pl})(\text{price}_{pl})$$



# Two forms of Brand Knowledge

## **Brand Awareness**

An issue of whether a brand name comes to mind when consumers think about a particular product category and the ease with which the name is evoked.



# Two Forms of Brand Knowledge

## **Brand Image**

The types of associations that come to the consumer's mind when contemplating a particular brand.



# Dimensions of Brand Personalities

- Sincerity
- Excitement
- Competence
- Sophistication
- Ruggedness



# 3 Ways Brand Equity Is Enhanced

1. Speak-for-itself
2. Message-driven
3. Leveraging



# Co-branding and Ingredient Branding

- **Co-branding**

A partnership between two brands

- **Ingredient branding**

Inclusion of one brand within the other



# Measuring World-Class Brands

**Quality:** score ranging from 0 to 10 (unacceptable/poor to outstanding/extraordinary)

**Salience :** score ranging from 0 to 100 (percentage of people who feel sufficiently well informed about a brand to rate it)

**Equity:** score ranging from 0 to 100 (determined by multiplying the quality and salience scores and dividing the product by 10)



# Characteristics of World Class Brands

- Delivers benefits consumers want
- Stays relevant
- Price equals value
- Good positioning
- Consistency



# Characteristics of World Class Brands

- Fits into brand portfolio
- Brand helps build brand equity
- Brand's managers understand what the brand means to consumers
- Support over long run
- Monitoring of the sources of brand equity



# ROMI

- The effect of marcom, or of its specific elements such as advertising, can be gauged in terms of whether it generates a reasonable revenue return on the marcom investment.
- In marketing, return on investment is called ***Return On Marketing Investment*** (ROMI)



# Difficulty of Measuring Marcom Effectiveness

- Choosing a Metric
- Gaining Agreement
- Collecting Accurate Data
- Calibrating Special Effects



# Choosing a Metric

- Change in brand awareness
- Improved consumer attitude toward the brand
- Increased purchase intentions
- Larger sales volume



# Gaining Agreement

## Finance Departments' Measures of Success:

- Discounted cash flows
- Net present values of investment decisions

## Marketing Departments' Measures of Success:

- Measures of brand awareness, image, and equity



# Collecting Accurate Data and Calibrating Special Effects

- What exact sales figures should be used to calculate sales?
- How much relative effect does each program element have on sales volume compared to the effect of other elements?



# Marketing-Mix Modeling

Employing well-known statistical techniques to estimate the effects that various advertising and promotion efforts have in driving sales volume.

