Brand Performance and Brand Equity

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Abstract
This paper focuses on brand performance and brand equity. Role of brand equity in brand performance is also supported by literature and at the end of paper conclusions are also drawn.

Keywords: Brand Performance; Brand Equity

Introduction
Since, the necessity of measuring the performance in macro level has been prevalent in order to evaluate the performance of an organization, an important point of view was established based on the performance of the products of an organization and that was applied in micro levels of the performance which is called the brand performance. The failure to measure the brand performance is a main weakness that has been widely discussed because brand is the first possession of a company. In fact, brand can play the primary role on the success of an organization by creating the competitive advantage via the performance of non-product related means. Understanding the differences of the products via their branding has given so much benefit to the companies including consistent volume and revenue over the years, resisting the attacks, getting higher fair share and specifically the cash flow and more earnings. The brand performance can be taken into account as a factor that corresponds to the evaluation of brand success in the markets and it can help the brands achieve their goals in the market place.[1]

Concept of brand performance
Performance is often used as a dependent variable in marketing literature [2]. The performance of brand points out that how successful a brand is in the market and aims to evaluate the strategic successes of a brand [3]. Some researchers considered the performance of brand in two parts including the brand market performance and brand profitability performance. They declare that the brand profitability performance is an index of the financial share of a brand in relation with the retailing profits and is evaluated using the profit and the margin of profit while the brand market performance considers the market demands and

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evaluates the indices such as sale levels and market share[4]. In order to evaluate the brand performance Aaker (1996) proposed some indices related to the evaluation of market behavior. He considered the market share, price and distribution coverage as the indices of brand performance measurement and he also pointed out that the brand performance measurement using the market share often provides a widespread and sensible reflection of the condition of a brand or its customers. When a brand has a relative advantage in consumer’s mind, its market share should increase or at least not decrease. He also points out that the market share or the sale related information is widely affected by distribution coverage. If a brand has a main market or loses that or it is developing in a region, the sale will be largely affected [5]. Keller and Lehman (2003) consider the price elasticity, price premium, market share, cost structure, profitability and the success in category extension as the main indices of brand performance measurement. According to their research, the brand premium is in fact the added price that a customer pays for the brand of a product and the price elasticity is the increase or decrease of brand demand as a result of rise or decline in prices. Market share is an index that measures the success of marketing programs in brand unit sales. Cost structure or the ability to reduce the expenditures of marketing programs of a brand is as a result of the prevailing customer mindset. In other words, because customers already have favorable opinions and knowledge about a brand, any aspect of the marketing program is likely to be more effective for the same expenditure level. In addition, according to Keller and Lehman, the profitability and the development of opportunities are other factors of performance measurement and demonstrate the brand success in supporting line and category extensions and new product launches to the related categories. It indicates the potential ability of a brand for development and increase of income flow [6].

Chaudhuri and Holbrook (2001) concentrated on relative price and market share as the outcomes of the performance. They defined the relative price as the ratio of a brand price to that of the leading competitors. Meanwhile, they introduced the brand market share as the percentage of a brand sale to total sales of all brands of a product [7].

Role of brand equity in brand performance

So far, different definitions of brand equity have been proposed by the scientists and researchers since its emergence. These definitions are generally classified into two main approaches. First approach incorporates the definitions having the financial concepts and the second one consists of the definitions having the customer-based approaches. Financial approach concentrates on the estimation of the value of a brand. In this approach, brand is defined as an asset in the balance sheet and is estimated for the accounting purposes or for merger, acquisition or divestiture purposes [8]. While the researches related to the brand equity from the viewpoint of customers usually incorporates the collected data of the customer’s mind, feelings and attitudes about a brand [9]. Aaker believed that the brand equity is a set of assets, liabilities of a brand, its name and its 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 divided into five groups including brand awareness, brand loyalty, perceived quality, brand association and other proprietary of brand assets [10]. Keller (1993) defined the brand equity from the viewpoint of customers as the differential effect of brand knowledge on customer’s response to marketing of a brand. According to his studies, there are three main parts in this definition including differential effect, brand knowledge and the customer’s response. Differential effect is defined as the customer’s response to the marketing of a brand in comparison with the response to the marketing of an unknown or fictitiously named product or service. The brand knowledge is also defined based on the brand awareness and brand image and is conceptualized by the personality and the brand association links. In addition, customer’s response to the marketing is defined based on the customer’s perception, preferences and the behaviors due to marketing mix activities [8].

The brand performance is often taken into account as the outcome of the brand equity model and is defined as the economic results that the producers with strong brands wishes to achieve [2]. The main advantage of the brand equity is its positive effect on demand. It is expected that the brand awareness, brand quality and the brand loyalty causes the increase of brand market performance. This aspect of brand equity helps the organizations attract the customers and keep them [4]. Baldauf et al. (2003) also believe that the studies related to the brand equity have more established conceptual logic with the brand performance in comparison with other areas that makes it a viable segment for considering performance [4].

Conclusion

Brand is beyond a name and is a key part of management. Although brand is not a goal itself, it can be an important tool to evaluate the general performance of an organization. Brand can create the value for customers and result in more revenue for the company. Brands will have more success and better performance in this regard if they intelligently and continuously evaluate themselves. The different dimensions of brand equity can be assumed as an important factor in the growth and decline of the general performance of a brand. Brand equity is an added value that is created due to the brand name and knowing its dimensions can make a better understanding of the strengths and weaknesses of the brands in markets and it can make the comparison of a brand and its rivals easier. Brands which have higher equity can get the customer’s preferences and tendencies and result in higher level of sale. Therefore, since any manager wishes to have a strong brand, it is expected that the factors affecting the brand performance be evaluated more precisely. Moreover, with regard to the effect of brand equity dimensions on the brand performance, it is likely that they can be merged in casual model to obtain clearer and more precise results.
References


