Brand Equity Defined - What Is Brand Equity?

Brand equity is a marketing term used to refer to the marketing impact of a given product in association with a brand name. It tries to examine how a given product will perform in the market if it did not have the privilege of that brand name. Therefore, the basis for brand equity and its impact on a business is based on the knowledge of the customer about that product. And yet, brand plays a vital role in helping build that knowledge and awareness, as well as the choices they make based on that knowledge.

Brand equity, then, reinforces the significance of a brand's value and produce that positive type of recall in the mind of consumers. Marketing research has revealed that brand equity is one of the most important asset to the company.

Three Perspectives of Brand Equity

As an intangible asset, brand equity only gets its meaning out of the perceived quality and associations made by a consumer on a given product. Brand equity can be viewed in three different perspectives:

• **Financial:** One way to understand the value of brand equity is to calculate the premium that is placed on a product. To further understand, take for example two types of products: one that is of a recognized brand, and the other is unrecognized brand. Consumers are willing to pay a bigger amount for the branded product over those which they are unfamiliar with.

• **Brand Extensions:** When certain products attain a certain level of commercial success, most companies consider extending their line by introducing newer products under their brand. Because of the existing brand awareness, these companies will no longer invest on large advertising expenditures just to make that newly introduced product known.

• **Consumer-based:** The trust and attitude exhibited by a customer towards a given product is impacted by the associations they make with that brand. Oftentimes, these associations are a product of their own experience with using the brand. Therefore, actual experience plays a crucial role in the marketing strategy, especially in a developing brand.

Benefits of a Strong Brand Equity

Not all brand equity is positive, therefore most companies invest on building a strong brand equity. After all, it offers several benefits to the company. Below are just some of the helpful benefits that a company can derive of a good brand equity:

• Establishes a more reliable stream of income.

• By increasing brand equity, companies are also able to increase their profits through increased market share and premium pricing for less promotional costs.

• If you have established a good brand, then you can sell that brand name at a given price.

Managing Brand Equity

There are three stages involved in creating, building, and managing your company's brand equity. They are outlined below:

1.) Your first step involves the introduction of a product of a given brand into the market. You must establish a certain standard for that brand to be able to launch products in the future that will earn some money online for your company. Your aim here is to produce a positive response from the consumer to build trust among consumers.

2.) Try to produce a brand that is unique and yet memorable. The attitude of your brand must be accessible to consumers and must also provide benefits to satisfy its users.

3.) Consistency is the key. Your message must be synchronized with your company's overall image and reinforce the value espoused by your organization. This is one of the most effective ways to build a strong brand equity.

Access timely suggestions in the topic of website traffic - welcome to your individual guide.

You can also find this article published on single file page on filorama.com