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Source: *Journal of Marketing*, Vol. 57, No. 1 (Jan., 1993), pp. 1-22

Published by: [American Marketing Association](#)

Stable URL: <http://www.jstor.org/stable/1252054>

Accessed: 30/09/2013 12:03

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# Conceptualizing, Measuring, and Managing Customer-Based Brand Equity

The author presents a conceptual model of brand equity from the perspective of the individual consumer. Customer-based brand equity is defined as the differential effect of brand knowledge on consumer response to the marketing of the brand. A brand is said to have positive (negative) customer-based brand equity when consumers react more (less) favorably to an element of the marketing mix for the brand than they do to the same marketing mix element when it is attributed to a fictitiously named or unnamed version of the product or service. Brand knowledge is conceptualized according to an associative network memory model in terms of two components, brand awareness and brand image (i.e., a set of brand associations). Customer-based brand equity occurs when the consumer is familiar with the brand and holds some favorable, strong, and unique brand associations in memory. Issues in building, measuring, and managing customer-based brand equity are discussed, as well as areas for future research.

**M**UCH attention has been devoted recently to the concept of brand equity (Aaker and Biel 1992; Leuthesser 1988; Maltz 1991). Brand equity has been viewed from a variety of perspectives (Aaker 1991; Farquhar 1989; Srivastava and Shocker 1991; Tauber 1988). In a general sense, brand equity is defined in terms of the marketing effects uniquely attributable to the brand—for example, when certain outcomes result from the marketing of a product or service because of its brand name that would not occur if the same product or service did not have that name.

There have been two general motivations for studying brand equity. One is a financially based motivation to estimate the value of a brand more precisely for accounting purposes (in terms of asset valuation for the balance sheet) or for merger, acquisition,

or divestiture purposes. Several different methods of brand valuation have been suggested (Barwise et al. 1989; Wentz 1989). For example, Interbrand Group has used a subjective multiplier of brand profits based on the brand's performance along seven dimensions (leadership, stability, market stability, internationality, trend, support, and protection); Grand Metropolitan has valued newly acquired brands by determining the difference between the acquisition price and fixed assets. Simon and Sullivan (1990) define brand equity in terms of the incremental discounted future cash flows that would result from a product having its brand name in comparison with the proceeds that would accrue if the same product did not have that brand name. Based on the financial market value of the company, their estimation technique extracts the value of brand equity from the value of a firm's other assets.

A second reason for studying brand equity arises from a strategy-based motivation to improve marketing productivity. Given higher costs, greater competition, and flattening demand in many markets, firms seek to increase the efficiency of their marketing expenses. As a consequence, marketers need a more thorough understanding of consumer behavior as a ba-

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sis for making better strategic decisions about target market definition and product positioning, as well as better tactical decisions about specific marketing mix actions. Perhaps a firm's most valuable asset for improving marketing productivity is the knowledge that has been created about the brand in consumers' minds from the firm's investment in previous marketing programs. Financial valuation issues have little relevance if no underlying value for the brand has been created or if managers do not know how to exploit that value by developing profitable brand strategies.

The goal of this article is to assist managers and researchers who are interested in the strategic aspects of brand equity. Specifically, brand equity is conceptualized from the perspective of the individual consumer and a conceptual framework is provided of what consumers know about brands and what such knowledge implies for marketing strategies. *Customer-based brand equity* is defined as the differential effect of brand knowledge on consumer response to the marketing of the brand. That is, customer-based brand equity involves consumers' reactions to an element of the marketing mix for the brand in comparison with their reactions to the same marketing mix element attributed to a fictitiously named or unnamed version of the product or service. Customer-based brand equity occurs when the consumer is familiar with the brand and holds some favorable, strong, and unique brand associations in memory.

Conceptualizing brand equity from this perspective is useful because it suggests both specific guidelines for marketing strategies and tactics and areas where research can be useful in assisting managerial decision making. Two important points emerge from this conceptualization. First, marketers should take a broad view of marketing activity for a brand and recognize the various effects it has on brand knowledge, as well as how changes in brand knowledge affect more traditional outcome measures such as sales. Second, marketers must realize that the long-term success of all future marketing programs for a brand is greatly affected by the knowledge about the brand in memory that has been established by the firm's short-term marketing efforts. In short, because the content and structure of memory for the brand will influence the effectiveness of future brand strategies, it is critical that managers understand how their marketing programs affect consumer learning and thus subsequent recall for brand-related information.

The next section provides a conceptualization of brand knowledge by applying some basic memory notions. Brand knowledge is defined in terms of two components, brand awareness and brand image. Brand awareness relates to brand recall and recognition performance by consumers. Brand image refers to the set of associations linked to the brand that consumers hold

in memory. Then the concept of customer-based brand equity is considered in more detail by discussion of how it can be built, measured, and managed. After the conceptual framework is summarized, areas for future research are identified.

## Brand Knowledge

### Background

A brand can be defined as "a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors" (Kotler 1991; p. 442). These individual brand components are here called "brand identities" and their totality "the brand." Some basic memory principles can be used to understand knowledge about the brand and how it relates to brand equity. The importance of knowledge in memory to consumer decision making has been well documented (Alba, Hutchinson, and Lynch 1991). Understanding the content and structure of brand knowledge is important because they influence what comes to mind when a consumer thinks about a brand—for example, in response to marketing activity for that brand.

Most widely accepted conceptualizations of memory structure involve some type of associative model formulation (Anderson 1983; Wyer and Srull 1989). For example, the "associative network memory model" views semantic memory or knowledge as consisting of a set of nodes and links. Nodes are stored information connected by links that vary in strength. A "spreading activation" process from node to node determines the extent of retrieval in memory (Collins and Loftus 1975; Raaijmakers and Shiffrin 1981; Ratcliff and McKoon 1988). A node becomes a potential source of activation for other nodes either when external information is being encoded or when internal information is retrieved from long-term memory. Activation can spread from this node to other linked nodes in memory. When the activation of another node exceeds some threshold level, the information contained in that node is recalled. Thus, the strength of association between the activated node and all linked nodes determines the extent of this "spreading activation" and the particular information that can be retrieved from memory. For example, in considering a soft drink purchase, a consumer may think of Pepsi because of its strong association with the product category. Consumer knowledge most strongly linked to Pepsi should also then come to mind, such as perceptions of its taste, sugar and caffeine content, or even recalled images from a recent advertising campaign or past product experiences.

Consistent with an associative network memory

model, brand knowledge is conceptualized as consisting of a brand node in memory to which a variety of associations are linked. Given this conceptualization, the key question is, what properties do the brand node and brand associations have? As developed here, the relevant dimensions that distinguish brand knowledge and affect consumer response are the awareness of the brand (in terms of brand recall and recognition) and the favorability, strength, and uniqueness of the brand associations in consumer memory. These dimensions are affected by other characteristics of and relationships among the brand associations. For example, factors related to the type of brand association (such as its level of abstraction and qualitative nature) and the congruity among brand associations, among others, affect the favorability, strength, and uniqueness of brand associations. To simplify the discussion, emphasis is placed on the brand name component of the brand identities, defined as "that part of a brand which can be vocalized" (Kotler 1991, p. 442), though other components of the brand identities (e.g., brand logo or symbol) are considered also.

### **Brand Awareness**

The first dimension distinguishing brand knowledge is *brand awareness*. It is related to the strength of the brand node or trace in memory, as reflected by consumers' ability to identify the brand under different conditions (Rossiter and Percy 1987). In other words, how well do the brand identities serve their function? In particular, brand name awareness relates to the likelihood that a brand name will come to mind and the ease with which it does so. Brand awareness consists of brand recognition and brand recall performance. *Brand recognition* relates to consumers' ability to confirm prior exposure to the brand when given the brand as a cue. In other words, brand recognition requires that consumers correctly discriminate the brand as having been seen or heard previously. *Brand recall* relates to consumers' ability to retrieve the brand when given the product category, the needs fulfilled by the category, or some other type of probe as a cue. In other words, brand recall requires that consumers correctly generate the brand from memory. The relative importance of brand recall and recognition depends on the extent to which consumers make decisions in the store (where they potentially may be exposed to the brand) versus outside the store, among other factors (Bettman 1979; Rossiter and Percy 1987). Brand recognition may be more important to the extent that product decisions are made in the store.

Brand awareness plays an important role in consumer decision making for three major reasons. First, it is important that consumers think of the brand when they think about the product category. Raising brand awareness increases the likelihood that the brand will

be a member of the consideration set (Baker et al. 1986; Nedungadi 1990), the handful of brands that receive serious consideration for purchase. Second, brand awareness can affect decisions about brands in the consideration set, even if there are essentially no other brand associations. For example, consumers have been shown to adopt a decision rule to buy only familiar, well-established brands (Jacoby, Syzabillo, and Busato-Schach 1977; Roselius 1971). In low involvement decision settings, a minimum level of brand awareness may be sufficient for product choice, even in the absence of a well-formed attitude (Bettman and Park 1980; Hoyer and Brown 1990; Park and Lessig 1981). The elaboration likelihood model (Petty and Cacioppo 1986) suggests that consumers may base choices on brand awareness considerations when they have low involvement, which could result from either a lack of consumer motivation (i.e., consumers do not care about the product or service) or a lack of consumer ability (i.e., consumers do not know anything else about the brands). Finally, brand awareness affects consumer decision making by influencing the formation and strength of brand associations in the brand image. A necessary condition for the creation of a brand image is that a brand node has been established in memory, and the nature of that brand node should affect how easily different kinds of information can become attached to the brand in memory.

### **Brand Image**

Though brand image long has been recognized as an important concept in marketing (e.g., Gardner and Levy 1955), there is less agreement on its appropriate definition (Dobni and Zinkhan 1990). Consistent with definitions by Herzog (1963) and Newman (1957), among others, and an associative network memory model of brand knowledge, *brand image* is defined here as perceptions about a brand as reflected by the brand associations held in consumer memory. Brand associations are the other informational nodes linked to the brand node in memory and contain the meaning of the brand for consumers. The favorability, strength, and uniqueness of brand associations are the dimensions distinguishing brand knowledge that play an important role in determining the differential response that makes up brand equity, especially in high involvement decision settings. Before considering those dimensions, it is useful to examine the different types of brand associations that may be present in consumer memory.

*Types of brand associations.* Brand associations take different forms. One way to distinguish among brand associations is by their level of abstraction (Alba and Hutchinson 1987; Chattopadhyay and Alba 1988; Johnson 1984; Russo and Johnson 1980)—that is, by

how much information is summarized or subsumed in the association. Along this dimension, brand associations can be classified into three major categories of increasing scope: attributes, benefits, and attitudes. Several additional distinctions can be made within these categories according to the qualitative nature of the association.

*Attributes* are those descriptive features that characterize a product or service—what a consumer thinks the product or service is or has and what is involved with its purchase or consumption. Attributes can be categorized in a variety of ways (Myers and Shocker 1981). Here, attributes are distinguished according to how directly they relate to product or service performance. *Product-related attributes* are defined as the ingredients necessary for performing the product or service function sought by consumers. Hence, they relate to a product's physical composition or a service's requirements. Product-related attributes vary by product or service category. *Non-product-related attributes* are defined as external aspects of the product or service that relate to its purchase or consumption. The four main types of non-product-related attributes are (1) price information, (2) packaging or product appearance information, (3) user imagery (i.e., what type of person uses the product or service), and (4) usage imagery (i.e., where and in what types of situations the product or service is used).

Because product-related attributes are more commonly acknowledged, only non-product-related attributes are elaborated here. The price of the product or service is considered a non-product-related attribute because it represents a necessary step in the purchase process but typically does not relate directly to the product performance or service function. Price is a particularly important attribute association because consumers often have strong beliefs about the price and value of a brand and may organize their product category knowledge in terms of the price tiers of different brands (Blattberg and Wisniewski 1989). Similarly, packaging is considered part of the purchase and consumption process but, in most cases, does not directly relate to the necessary ingredients for product performance. User and usage imagery attributes can be formed directly from a consumer's own experiences and contact with brand users or indirectly through the depiction of the target market as communicated in brand advertising or by some other source of information (e.g., word of mouth). Associations of a typical brand user may be based on demographic factors (e.g., sex, age, race, and income), psychographic factors (e.g., according to attitudes toward career, possessions, the environment, or political institutions), and other factors. Associations of a typical usage situation may be based on the time of day, week, or year, the location (inside or outside the home), or the

type of activity (formal or informal), among other aspects. User and usage image attributes can also produce brand personality attributes. Plummer (1985) asserts that one component of brand image is the personality or character of the brand itself. He summarizes research demonstrating that brands can be characterized by personality descriptors such as "youthful," "colorful," and "gentle." These types of associations seem to arise most often as a result of inferences about the underlying user or usage situation. Brand personality attributes may also reflect emotions or feelings evoked by the brand.

*Benefits* are the personal value consumers attach to the product or service attributes—that is, what consumers think the product or service can do for them. Benefits can be further distinguished into three categories according to the underlying motivations to which they relate (Park, Jaworski, and MacInnis 1986): (1) functional benefits, (2) experiential benefits, and (3) symbolic benefits. *Functional benefits* are the more intrinsic advantages of product or service consumption and usually correspond to the product-related attributes. These benefits often are linked to fairly basic motivations, such as physiological and safety needs (Maslow 1970), and involve a desire for problem removal or avoidance (Fennell 1978; Rossiter and Percy 1987). *Experiential benefits* relate to what it feels like to use the product or service and also usually correspond to the product-related attributes. These benefits satisfy experiential needs such as sensory pleasure, variety, and cognitive stimulation. *Symbolic benefits* are the more extrinsic advantages of product or service consumption. They usually correspond to non-product-related attributes and relate to underlying needs for social approval or personal expression and outward-directed self-esteem. Hence, consumers may value the prestige, exclusivity, or fashionability of a brand because of how it relates to their self-concept (Solomon 1983). Symbolic benefits should be especially relevant for socially visible, "badge" products.

*Brand attitudes* are defined as consumers' overall evaluations of a brand (Wilkie 1986). Brand attitudes are important because they often form the basis for consumer behavior (e.g., brand choice). Though different models of brand attitudes have been proposed, one widely accepted approach is based on a multiattribute formulation in which brand attitudes are a function of the associated attributes and benefits that are salient for the brand. Fishbein and Ajzen (1975; Ajzen and Fishbein 1980) proposed what has been probably the most influential multiattribute model to marketing (Bettman 1986). This expectancy-value model views attitudes as a multiplicative function of (1) the salient beliefs a consumer has about the product or service (i.e., the extent to which consumers think the brand has certain attributes or benefits) and (2) the

evaluative judgment of those beliefs (i.e., how good or bad it is that the brand has those attributes or benefits).

Brand attitudes can be related to beliefs about product-related attributes and the functional and experiential benefits, consistent with work on perceived quality (Zeithaml 1988). Brand attitudes can also be related to beliefs about non-product-related attributes and symbolic benefits (Rossiter and Percy 1987), consistent with the functional theory of attitudes (Katz 1960; Lutz 1991), which maintains that attitudes can serve a “value-expressive” function by allowing individuals to express their self-concepts. Because it is difficult to specify correctly all of the relevant attributes and benefits, researchers building multiattribute models of consumer preference have included a general component of attitude toward the brand that is not captured by the attribute or benefit values of the brand (Park 1991; Srinivasan 1979). Moreover, as noted previously, research also has shown that attitudes can be formed by less thoughtful decision making (Chaiken 1986; Petty and Cacioppo 1986)—for example, on the basis of simple heuristics and decision rules. If consumers lack either the motivation or ability to evaluate the product or service, they may use signals or “extrinsic cues” (Olson and Jacoby 1972) to infer product or service quality on the basis of what they do know about the brand (e.g., product appearance such as color or scent).

Thus, the different types of brand associations making up the brand image include product-related or non-product-related attributes; functional, experiential, or symbolic benefits; and overall brand attitudes. These associations can vary according to their favorability, strength, and uniqueness.

*Favorability of brand associations.* Associations differ according to how favorably they are evaluated. The success of a marketing program is reflected in the creation of favorable brand associations—that is, consumers believe the brand has attributes and benefits that satisfy their needs and wants such that a positive overall brand attitude is formed.

MacKenzie (1986) summarizes research evidence suggesting that the “evaluative judgment” component of expectancy-value models of attitude (i.e., consumer perceptions of the favorability of an attribute) is both conceptually and empirically related to attribute importance. Specifically, attribute importance has been equated with polarity of attribute evaluation (Ajzen and Fishbein 1980; Fishbein and Ajzen 1975). In other words, consumers are unlikely to view an attribute or benefit as very good or bad if they do not also consider it to be very important. Hence, it is difficult to create a favorable association for an unimportant attribute.

Not all associations for a brand, however, will be relevant and valued in a purchase or consumption decision. For example, consumers often have an association in memory from the brand to the product or package color. Though this association may facilitate brand recognition or awareness or lead to inferences about product quality, it may not always be considered a meaningful factor in a purchase decision. Moreover, the evaluations of brand associations may be situationally or context-dependent and vary according to consumers’ particular goals in their purchase or consumption decisions (Day, Shocker, and Srivastava 1979). An association may be valued in one situation but not another (Miller and Ginter 1979). For example, speed and efficiency of service may be very important when a consumer is under time pressure but may have little impact when a consumer is less hurried.

*Strength of brand associations.* Associations can be characterized also by the strength of connection to the brand node. The strength of associations depends on how the information enters consumer memory (encoding) and how it is maintained as part of the brand image (storage). Strength is a function of both the amount or *quantity* of processing the information receives at encoding (i.e., how much a person thinks about the information) and the nature or *quality* of the processing the information receives at encoding (i.e., the manner in which a person thinks about the information). For example, the levels- or depth-of-processing approach ( Craik and Lockhart 1972; Craik and Tulving 1975; Lockhart, Craik, and Jacoby 1976) maintains that the more the meaning of information is attended to during encoding, the stronger the resulting associations in memory will be. Thus, when a consumer actively thinks about and “elaborates” on the significance of product or service information, stronger associations are created in memory. This strength, in turn, increases both the likelihood that information will be accessible and the ease with which it can be recalled by “spreading activation.”

Cognitive psychologists believe memory is extremely durable, so that once information becomes stored in memory its strength of association decays very slowly (Loftus and Loftus 1980). Though “available” and potentially retrievable in memory, information may not be “accessible” and easily retrieved without strongly associated reminders or retrieval cues (Tulving and Psotka 1971). Thus, the particular associations for a brand that are salient and “come to mind” depend on the context in which the brand is considered. The larger the number of cues linked to a piece of information, however, the greater the likelihood that the information can be recalled (Isen 1992).

*Uniqueness of brand associations.* Brand associ-

ations may or may not be shared with other competing brands. The essence of brand positioning is that the brand has a sustainable competitive advantage or "unique selling proposition" that gives consumers a compelling reason for buying that particular brand (Aaker 1982; Ries and Trout 1979; Wind 1982). These differences may be communicated explicitly by making direct comparisons with competitors or may be highlighted implicitly without stating a competitive point of reference. Furthermore, they may be based on product-related or non-product-related attributes or functional, experiential, or image benefits.

The presence of strongly held, favorably evaluated associations that are unique to the brand and imply superiority over other brands is critical to a brand's success. Yet, unless the brand has no competitors, the brand will most likely share some associations with other brands. Shared associations can help to establish category membership (MacInnis and Nakamoto 1991) and define the scope of competition with other products and services (Sujan and Bettman 1989). Research on noncomparable alternatives (Bettman and Sujan 1987; Johnson 1984; Park and Smith 1989) suggests that even if a brand does not face direct competition in its product category, and thus does not share product-related attributes with other brands, it can still share more abstract associations and face indirect competition in a more broadly defined product category. Thus, though a railroad may not compete directly with another railroad, it still competes indirectly with other forms of transportation, such as airlines, cars, and buses.

A product or service category can be characterized also by a set of associations that include specific beliefs about any member in the category in addition to overall attitudes toward all members in the category. These beliefs include many of the product-related attributes for the relevant brands, as well as more descriptive attributes that do not necessarily relate to product or service performance (e.g., the color of a product, such as red for ketchup). Certain attributes or benefits may be considered "prototypical" and essential to all brands in the category, and a specific brand may be considered an "exemplar" that is most representative of the product or service category (Cohen and Basu 1987; Nedungadi and Hutchinson 1985; Rosch and Mervis 1975; Ward and Loken 1986). For example, consumers might expect a running shoe to provide support and comfort, be built well enough to last through repeated wearings, and so on, and they may believe that Nike or some other leading brand best represents a running shoe. Similarly, consumers might expect a bank to offer a variety of checking and savings accounts, provide branch and electronic delivery services, and so on, and they may consider Bank of

America or some other market leader to be the best example of a bank.

Because the brand is linked to the product category, some product category associations may become linked to the brand, either in terms of specific beliefs or overall attitudes. Product category attitudes can be a particularly important determinant of consumer response. For example, if a consumer thinks banks are basically "unfriendly" and "bad," he or she probably will have similarly unfavorable beliefs about and attitude toward any particular bank simply by virtue of its membership in the category. Thus, in almost all cases, some product category associations that are linked to the brand are shared with other brands in the category. Note that the strength of the brand associations with the product category is an important determinant of brand awareness (Nedungadi and Hutchinson 1985; Ward and Loken 1986).

Competitive overlap with other brands associated with the product category does have a downside, however, in terms of possible consumer confusion. For example, Keller (1987) and Burke and Srull (1988) have shown that the number of competing brands advertising in a product category can affect consumers' ability to recall communication effects for a brand by creating "interference" in memory. Keller (1991b) also showed that though these interference effects can produce lower brand evaluations, they can be overcome through the use of ad retrieval cues—that is, distinctive ad execution information that is present when a consumer actually makes a brand evaluation (e.g., at the point of purchase).

*Interaction among characteristics of brand associations.* The level of abstraction and qualitative nature of brand associations should affect their favorability, strength, and uniqueness. For example, image-related attributes, such as user type or usage situation, may easily create unique associations. Abstract associations (e.g., benefits and especially attitudes), in contrast, tend to be inherently more evaluative because of the embedded meaning they contain. Because of this evaluative nature, abstract associations tend to be more durable and accessible in memory than the underlying attribute information (Chattopadhyay and Alba 1988). In fact, brand attitudes may be stored and retrieved in memory separately from the underlying attribute information (Lynch, Mamorstein, and Weigold 1988).

One important reason for considering brand attitudes to be a brand association is that they can vary in strength (Farquhar 1989). Attitude strength has been measured by the reaction time needed to evaluative queries about the attitude object (Fazio et al. 1986). Individuals who can evaluate an attitude object quickly are assumed to have a highly accessible attitude. Re-

search has shown that attitudes formed from direct behavior or experience are more accessible than attitudes based on information or indirect forms of behavior (Fazio and Zanna 1981). Highly accessible brand attitudes are more likely to be activated spontaneously upon exposure to the brand and guide subsequent brand choices (Berger and Mitchell 1989; Fazio, Powell, and Williams 1989).

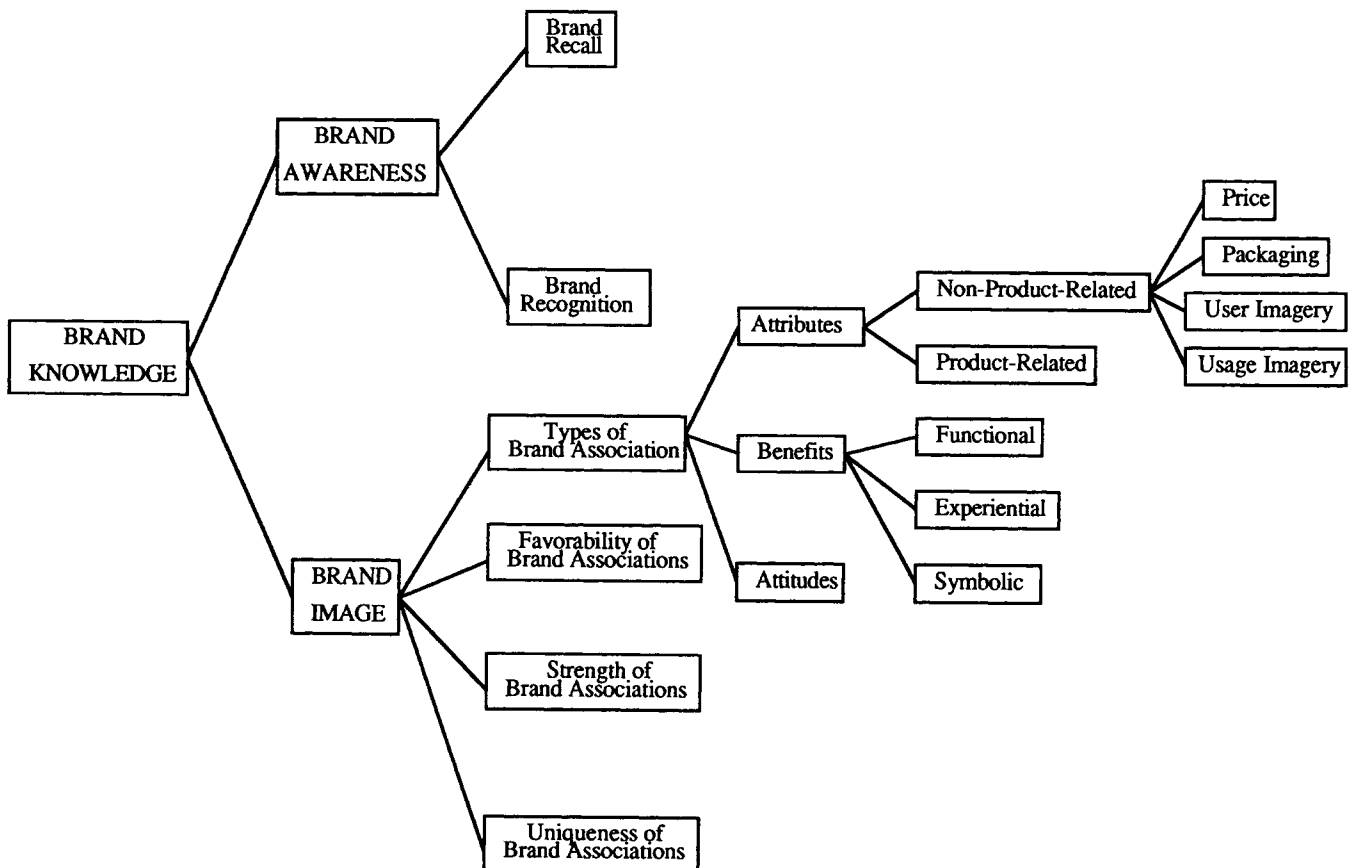
Figure 1 summarizes the dimensions of brand knowledge.

*Congruence of brand associations.* The favorability and strength of a brand association can be affected by other brand associations in memory. *Congruence* is defined as the extent to which a brand association shares content and meaning with another brand association. The congruence of brand associations should affect (1) how easily an existing association can be recalled and (2) how easily additional associations can become linked to the brand node in memory. In general, information that is consistent in meaning with existing brand associations should be more easily learned and remembered than unrelated

information—though the unexpectedness of information inconsistent in meaning with the brand sometimes can lead to more elaborate processing and stronger associations than even consistent information (Houston, Childers, and Heckler 1987; Myers-Levy and Tybout 1989; Wyer and Srull 1989). That is, consumers may have expectations as to the likelihood that a product or service has a particular association given that it has some other association (Bettman, John, and Scott 1986; Sujun 1985). These expectations should affect consumers' ability to learn new brand information. For example, if a running shoe has a brand association with "very durable and long-lasting," presumably it would be easier to establish an association with "all weather" than with "stylish." As noted subsequently, these expectations also may result in the formation of inferred brand associations. Thus, the strength of an association should depend on how its content relates to the content of other associations for the brand.

The congruence among brand associations determines the "cohesiveness" of the brand image—that is, the extent to which the brand image is characterized by associations or subsets of associations that share

**FIGURE 1**  
Dimensions of Brand Knowledge





meaning. The cohesiveness of the brand image may determine consumers' more holistic or gestalt reactions to the brand. Moreover, a "diffuse" brand image, where there is little congruence among brand associations for consumers, can present several potential problems for marketers. First, consumers may be confused as to the meaning of the brand and, because they do not have as much information to which new information can be easily related, new associations may be weaker and possibly less favorable (Heckler, Keller, and Houston 1992). Moreover, because any one association shares little meaning with other associations, brand associations may be more easily changed by competitive actions. Finally, another problem with a diffuse brand image is the greater likelihood that consumers will discount or overlook some potentially relevant brand associations in making brand decisions. For example, research on "part-list cuing effects" has shown that recall of information can inhibit and lower the recall of other information from memory (Alba and Chattopadhyay 1985a,b, 1986; Hoch 1984; Keller 1991a). Hence, only some of the potentially retrievable brand associations actually may be recalled when the brand image is not cohesive and consistent.

## Customer-Based Brand Equity

As noted, brand equity has been defined in a variety of ways, depending on the particular purpose. Because the goal of this article is to facilitate the development of more effective marketing strategies and tactics, the focus is on brand effects on the individual consumer. The advantage of conceptualizing brand equity from this perspective is that it enables managers to consider specifically how their marketing program improves the value of their brands. Though the eventual goal of any marketing program is to increase sales, it is first necessary to establish knowledge structures for the brand so that consumers respond favorably to marketing activity for the brand. The preceding section provides a detailed framework of brand knowledge. In this section, that framework is used to consider in more detail how knowledge affects consumer response to the marketing of a brand by defining customer-based brand equity and examining how it is built, measured, and managed.

### Defining Customer-Based Brand Equity

*Customer-based brand equity is defined as the differential effect of brand knowledge on consumer response to the marketing of the brand.* Three important concepts are included in the definition: "differential effect," "brand knowledge," and "consumer response to marketing." *Differential effect* is determined by comparing consumer response to the marketing of a

brand with the response to the same marketing of a fictitiously named or unnamed version of the product or service. *Brand knowledge* is defined in terms of brand awareness and brand image and is conceptualized according to the characteristics and relationships of brand associations described previously. *Consumer response to marketing* is defined in terms of consumer perceptions, preferences, and behavior arising from marketing mix activity (e.g., brand choice, comprehension of copy points from an ad, reactions to a coupon promotion, or evaluations of a proposed brand extension).

Thus, according to this definition, *a brand is said to have positive (negative) customer-based brand equity if consumers react more (less) favorably to the product, price, promotion, or distribution of the brand than they do to the same marketing mix element when it is attributed to a fictitiously named or unnamed version of the product or service.* Favorable consumer response and positive customer-based brand equity, in turn, can lead to enhanced revenue, lower costs, and greater profits. Brand knowledge is central to this definition. In particular, the favorability, strength, and uniqueness of the brand associations play a critical role in determining the differential response. If the brand is seen by consumers to be the same as a prototypical version of the product or service in the category, their response should not differ from their response to a hypothetical product or service; if the brand has some salient, unique associations, those responses should differ. The actual nature of how the responses differ depends on consumers' evaluations of these associations, as well as the particular marketing mix element under consideration. Thus, establishing brand awareness and a "positive brand image" (i.e., favorable, strong, and unique brand associations) in consumer memory creates different types of customer-based brand equity, depending on what marketing mix element is under consideration. A brief discussion highlighting some relevant considerations for each of these elements follows.

Fundamentally, high levels of brand awareness and a positive brand image should increase the probability of brand choice, as well as produce greater consumer (and retailer) loyalty and decrease vulnerability to competitive marketing actions. Thus, the view of brand loyalty adopted here is that it occurs when favorable beliefs and attitudes for the brand are manifested in repeat buying behavior. Some of these beliefs may reflect the objective reality of the product, in which case no underlying customer-based brand equity may be present, but in other cases they may reflect favorable, strong, and unique associations that go beyond the objective reality of the product (Park 1991).

High levels of brand awareness and a positive brand image also have specific implications for the pricing,

distribution, and promotion activities related to the brand. First, a positive image should enable the brand to command larger margins and have more inelastic responses to price increases. The most important aspect of the brand image that affects consumer responses to prices is probably overall brand attitude. Consumers with a strong, favorable brand attitude should be more willing to pay premium prices for the brand (Starr and Rubinson 1978). Similarly, a positive image should result in increased consumer search (Simonson, Huber, and Payne 1988) and a willingness to seek out distribution channels for the product or service. Finally, high levels of brand awareness and a positive brand image can increase marketing communication effectiveness. All aspects of the brand image are relevant in determining consumer response to advertising and promotion. For example, several authors note that advertising response and decay patterns are a function of consumers' attitudes and behavior toward the brand (Ray 1982; Rossiter and Percy 1987). They maintain that consumers who are positively predisposed toward a brand may require fewer ad exposures to meet communication objectives. Similarly, one could argue that strong attribute or benefit associations for the brand require less reinforcement through marketing communications.

In these different ways, customer-based brand equity is enhanced by creating favorable response to pricing, distribution, advertising, and promotion activity for the brand. Moreover, a familiar brand with a positive brand image can also yield licensing opportunities (i.e., the brand name is used by another firm on one of its products) and support brand extensions (i.e., a firm uses an existing brand name to introduce a new product or service), two important growth strategies for firms in recent years. Licensing can be a valuable source of royalty income, as evidenced by the substantial merchandising efforts in recent years, and typically has been employed when brand associations have strong user imagery or brand personality attributes. A more substantial investment and risk profile for the company, however, is required with brand extensions. Because of their potentially lasting effects on consumer knowledge and the effectiveness of future marketing activity, brand extensions are considered in more detail in the section on managing customer-based brand equity.

### **Building Customer-Based Brand Equity**

Building customer-based brand equity requires the creation of a familiar brand that has favorable, strong, and unique brand associations. This can be done both through the initial choice of the brand identities, such as the brand name, logo, or symbol, and through the integration of the brand identities into the supporting marketing program.

*Choosing brand identities.* To see how the initial choice of the brand identities can affect brand equity, consider the choice of a brand name. A variety of criteria have been suggested for the selection of a brand name (e.g., Aaker 1991; Kotler 1991; Robertson 1989). They generally can be classified according to whether they help enhance brand awareness or facilitate the linkage of brand associations.

Alba and Hutchinson (1987) give an extensive discussion of psychological principles that can be useful in understanding how the choice of a name affects brand recall and recognition processes. Some criteria often noted by other researchers are that brand names should be simple, familiar, and distinctive, along the following lines. To enhance the likelihood of successful processing at encoding, the brand name should be easy to comprehend, pronounce, and spell. In fact, market researchers sometimes evaluate the "flicker perception" of brand names (i.e., how quickly a brand name can be perceived and understood when exposed only for an instant) to assess consumer learning of candidate brand names (Dolan 1985). To improve consumer learning of the brand, mnemonic factors (e.g., One-A-Day) and vivid words are often employed that have rich evaluative or experiential imagery (Robertson 1987; but see Myers-Levy 1989). Similarly, the use of a familiar word should be advantageous because much information is present in memory to which the name relates. Finally, a distinctive word is often sought to attract attention and reduce confusion among competing brands.

These different choice criteria for a brand name are not necessarily mutually compatible, and it may be difficult to choose names that are simple, familiar, and distinctive. Moreover, factors affecting the ease with which a brand name is recalled differ from factors affecting the ease with which a brand name is recognized. For example, past research suggests that high frequency words (according to conventional use in language) are easier to *recall* than low frequency words, but low frequency words may be easier to *recognize* than high frequency words (Gregg 1976; Lynch and Srull 1982). This finding suggests that choosing a familiar word representing a well-known concept or some other common object or property as a brand name may facilitate brand recall, but that choosing a more unusual or distinctive word may facilitate brand recognition. Deciding whether to emphasize recall or recognition properties in choosing a brand name depends on managerial priorities concerning the extent of consumers' in-store processing for the product, the nature of the competitive environment, and so on.

The choice of a brand name may also affect the favorability, strength, and uniqueness of brand associations. The suggestiveness or meaningfulness of the brand name should affect how easily brand associa-

tions are created. The brand name can be chosen to suggest semantically (1) the product or service category or (2) important attributes or benefits within that category. The first consideration should enhance brand name awareness and the identification with the product category. The second consideration affords two important benefits. First, even in the absence of any marketing activity, the semantic meaning of a suggestive brand name may enable consumers to infer certain attributes and benefits. For example, consumers could assume on the basis of the names alone that Daybreak cereal is wholesome and natural, Chief laundry detergent removes tough stains, and Diamond toothpaste whitens and brightens teeth. Second, a suggestive brand name may facilitate marketing activity designed to link certain associations to the brand. Ideally, the brand name can be effectively supported through marketing communications and a distinctive slogan that ties together the brand name and its positioning.

Similar choice criteria apply to the other brand identities, such the brand logo or symbol. Moreover, another important objective is to choose the various brand identities to be mutually reinforcing so that they interact positively to satisfy these criteria. Nevertheless, although the judicious choice of brand identities can contribute significantly to customer-based brand equity, the primary input comes from supporting marketing activities for the brand and the various product, price, advertising, promotion, and distribution decisions, as discussed next.

*Developing supporting marketing programs.* Marketing programs are designed to enhance brand awareness and establish favorable, strong, and unique brand associations in memory so that consumers purchase the product or service. Brand awareness is related to brand familiarity. Alba and Hutchinson (1987) define *brand familiarity* as the number of product-related experiences that have been accumulated by the consumer (through product usage, advertising, etc.). Greater brand familiarity, through repeated exposures to a brand, should lead to increased consumer ability to recognize and recall the brand. Thus, the appropriate marketing strategy to increase brand awareness and familiarity is clear from the definition—*anything* that causes the consumer to “experience” or be exposed to the brand has the potential to increase familiarity and awareness. Frequent and prominent mentions in advertising and promotion vehicles can intrusively increase consumer exposure to the brand, as can event or sports sponsorship, publicity, and other activities.

Favorable, strong, and unique associations can be created by the marketing program in a variety of well-established ways that are only highlighted here. The

product or service specifications themselves are the primary basis for the product-related attribute associations and determine a consumer’s fundamental understanding of what the product or service means. Similarly, the pricing policy for the brand directly creates associations to the relevant price tier or level for the brand in the product category, as well as its corresponding price volatility or variance (e.g., in terms of the frequency and magnitude of discounts).

The marketing communication efforts by the firm, in contrast, afford a flexible means of shaping consumer perceptions of the product or service. At times, marketers may have to translate attributes into their corresponding benefits for consumers through advertising or other forms of communication. Marketing communications also may be helpful in creating user and usage imagery attributes. The strength of brand associations from communication effects depends on how the brand identities are integrated into the supporting marketing program—for example, the position and prominence of the brand identities in a television ad (Keller 1992). Though delaying brand identification until the end of a television commercial may increase attention levels during commercial exposure, resulting in many communication effects being stored in memory (e.g., ad execution and brand claim information, as well as affective and cognitive responses to that information), it may also produce weak links from these effects to the brand. Finally, word-of-mouth and other social influences also play an important role, especially for user and usage imagery attributes.

*Leveraging secondary associations.* The definition of customer-based brand equity does not distinguish between the sources of brand beliefs (Fishbein and Ajzen 1975)—that is, whether beliefs are created by the marketer or by some other source of influence such as reference groups or publicity. All that matters is the favorability, strength, and uniqueness of brand associations which, combined with brand awareness, can produce differential consumer response to the marketing of a brand. Nevertheless, it is worthwhile to consider in greater depth how belief associations about the attributes and benefits of the brand arise.

One way belief associations are created is on the basis of direct experience with the product or service. A second way is by information about the product or service communicated by the company, other commercial sources, or word of mouth. Of the two, direct experience may create stronger associations in memory given its inherent self-relevance (Hertel 1982). These episodic memory traces (Tulving 1983) may be especially important for user and usage image attribute associations. A third important way that belief associations are created is on the basis of inferences

from some existing brand associations. That is, many associations are *assumed* to exist for the brand because it is characterized by other associations. The type and strength of inferencing are a function of the correlations perceived by consumers among attributes or benefits (Ford and Smith 1987; Huber and McCann 1982). For example, some consumers in certain categories may infer a high level of product or service quality from a high price, as well as infer specific attributes or benefits such as prestige and social status. Dick, Chakravarti, and Biehal (1990) refer to these types of inferences as based on "probabilistic consistency." They note that "evaluative consistency" inferences may also occur, as when consumers infer the favorability of a brand attribute or benefit on the basis of their overall brand attitude or their evaluation of some other perceived attribute or benefit.

Another type of inferred association occurs when the brand association itself is linked to other information in memory that is not directly related to the product or service. Because the brand becomes identified with this other entity, consumers may infer that the brand shares associations with that entity, thus producing indirect or "secondary" links for the brand. These secondary associations may lead to a transfer of global associations such as attitude or credibility (e.g., expertise, trustworthiness, and attractiveness) or more specific attributes and benefits related to the product or service meaning. Secondary associations may arise from primary attribute associations related to (1) the company, (2) the country of origin, (3) the distribution channels, (4) a celebrity spokesperson or endorser of the product or service, or (5) an event.

The first three types of secondary associations involve "factual sources" for the brand (i.e., who makes it, where it is made, and where it is purchased). This information is almost always potentially available to consumers, but its strength of association with the brand depends on the emphasis it receives. First, the brand may vary by the extent to which it is identified with a particular company. Establishing a connection with a company may cause existing associations for that company to become secondary associations for the brand (e.g., perceptions of company reputation and credibility). The branding strategy adopted by the company making the product or providing the service is the most important factor affecting the strength of the company's association with the brand. Three main branding strategies are possible (Kotler 1991). First, companies may choose individual brand names for different products and services without any explicit mention of the company (e.g., Procter & Gamble with Tide, Bold, Dash, Cheer, Gain, Oxydol, and Duz laundry detergents). Second, companies may choose their name for all of their products or services (e.g., General Electric and Heinz). Third, companies may

choose a hybrid or sub-brand strategy whereby they combine their company name with individual brand names (e.g., Kellogg's Corn Flakes and Courtyard by Marriott). The latter two types of branding strategies should facilitate access to consumers' overall attitudes toward the company. The sub-brand strategy offers an additional potential benefit in that it can allow for the creation of more specific brand beliefs.

Similarly, a brand may be associated with its "country of origin" (i.e., the country in which the company makes the product or provides the service) in such a way that consumers infer specific beliefs and evaluations (Erickson, Johansson, and Chao 1984; Hong and Wyer 1989, 1990). For example, French wines, German automobiles, and Japanese electronics probably all benefit from such inferences. Finally, the distribution channels for a product may also create secondary associations. Consumers can form "brand" images of retailers (Jacoby and Mazursky 1984) on the basis of their product assortment, pricing and credit policy, quality of service, and so on. These store images have associations that may be linked to the products they sell (e.g., prestige and exclusivity vs. bargain-driven and mass appeal). Similar types of images may be formed for catalogs and other forms of direct marketing.

The final two types of secondary associations occur when the primary brand associations are for user and usage situation attributes, especially when they are for a *particular* person or event. Consider the case in which advertising creates an association between a brand and a celebrity endorser (Rossiter and Percy 1987). As a result, other associations for the celebrity may become related to the brand. Ideally, one such association would be a favorable attitude toward the celebrity—for example, a well-known person could lend credibility to product or service claims because of his or her expertise, trustworthiness, or attractiveness. Additionally, more specific beliefs may be involved (Kahle and Homer 1985; McCracken 1989). Thus, consumers have images of celebrity endorsers in their minds as a result of observing the celebrities in their own field of endeavor or as a result of media coverage. A celebrity invariably has some personality attribute associations, as well as possibly some product-related attribute associations, that may become linked to the brand. Similarly, a brand may also become associated with a particular event. Again, that event may be characterized by a set of attribute and attitude associations in memory. When the brand becomes linked with the event, some of these associations with the event may become indirectly associated with the brand. Finally, as noted previously, identification with the product category itself can also result in inferences producing secondary associations.

Secondary brand associations may be important if

existing brand associations are deficient in some way. In other words, secondary associations can be leveraged to create favorable, strong, and unique associations that otherwise may not be present. Choosing to emphasize the company or a particular person, place, or event should be based on consumers' awareness of that entity, as well as how the beliefs and attitudes about the entity can become linked to the brand (see chapter 11 of Rossiter and Percy 1987 for an excellent discussion). Such a strategy makes sense if consumers already have associations for the company, person, place, or event that are congruent with desired brand associations. For example, consider a country such as New Zealand, which is known for having more sheep than people. A New Zealand sweater manufacturer that promotes its product on the basis of its New Zealand wool presumably could more easily establish strong and favorable brand associations because New Zealand may already mean "wool" to many people. Secondary brand associations may be risky, however, because some control of the brand image is given up. The company, person, place, or event that makes up the primary brand association will undoubtedly have a host of associations of which only some smaller set will be of interest to the marketer. Managing the transfer process so that only the relevant secondary associations become linked to the brand may be difficult. Moreover, these images may change over time as consumers learn more about the entity, and new associations may or may not be advantageous for the brand.

### ***Measuring Customer-Based Brand Equity***

There are two basic approaches to measuring customer-based brand equity. The "indirect" approach attempts to assess potential sources of customer-based brand equity by measuring brand knowledge (i.e., brand awareness and brand image). The "direct" approach attempts to measure customer-based brand equity more directly by assessing the impact of brand knowledge on consumer response to different elements of the firm's marketing program. The indirect and direct approaches to measuring customer-based brand equity are complementary and should be used together. The indirect approach is useful in identifying what aspects of brand knowledge cause the differential response that creates customer-based brand equity; the direct approach is useful in determining the nature of the differential response. Though detailed descriptions and critiques of the many specific techniques behind these two approaches are beyond the scope of this article (see Aaker 1991 for additional discussion), it is worthwhile to highlight them briefly.

*Indirect approach.* The first approach to measuring customer-based brand equity, measuring brand knowledge, requires measuring brand awareness and

the characteristics and relationships among brand associations. Because any one measure typically captures only a particular aspect of brand knowledge, multiple measures must be employed to capture the multidimensional nature of brand knowledge.

Brand awareness can be assessed effectively through a variety of aided and unaided memory measures (see Srull 1984 for a review) that can be applied to test brand recall and recognition. For example, brand recognition measures may use the actual brand name or some perceptually degraded version of the brand name (Alba and Hutchinson 1987). Brand recall measures may use different sets of cues, such as progressively narrowly defined product category labels. Besides correctness, the ease of recall and recognition performance can be assessed with more subtle measures such as response latencies to provide a fuller picture of memory performance with respect to the brand (Fazio 1987). Brand recall can also be coded in terms of the order of recall to capture the extent to which the name is "top of mind" and thus strongly associated with the product category in memory.

There are many ways to measure the characteristics of brand associations (i.e., their type, favorability, and strength). Qualitative techniques can be employed to suggest possible associations. For example, free association tasks can be used whereby consumers describe what the brand means to them in an unstructured format, either individually or in small groups. Specifically, consumers might be probed in terms of "who, what, when, where, why, and how" types of questions about the brand. Projective techniques (Levy 1978, 1981, 1985) such as sentence completion, picture interpretation, and brand personality descriptors may also be useful, especially if consumers are unwilling or otherwise unable to express their feelings.

These indirect measures, however, may not adequately capture the favorability or strength of associations, and more direct measures often are necessary to provide additional information. For example, Ajzen and Fishbein (1980) give a detailed description of how beliefs and evaluations of attributes and benefits can be scaled and how attitudes can be measured through a structured format, providing an illustrative example in a consumer setting. As noted previously, response time measures of attitudes have been used as a proxy for attitude strength.

Relationships among brand associations can be measured by two general approaches: (1) comparing the characteristics of brand associations in some way and (2) directly asking consumers for information relevant to the congruence, competitive overlap, or leverage for the brand associations. *Congruence* is the extent to which brand associations are shared. Congruence can be assessed by comparing the pattern of associations across consumers to determine which as-

sociations are common or distinctive. Additionally, consumers could be asked directly their conditional expectations for attribute, benefit, or attitude associations (i.e., the likelihood that a product or service has one association given that it has another).

*Competitive overlap* of brand associations is the extent to which brand associations are linked to the product category (i.e., identification) and are or are not shared with other brands (i.e., uniqueness). *Identification* can be assessed by examining how consumers respond to brand recall tasks with product category or some other type of cues. *Uniqueness* of brand associations can be assessed by comparing the characteristics of associations of the focal brand (i.e., their type, favorability, and strength) with the characteristics of associations for competing brands. Additionally, consumers could be asked directly (1) how strongly they identify the brand with the product category and (2) what they consider to be the unique and shared aspects of the brand. Multivariate techniques such as multidimensional scaling also can be employed (Aaker and Day 1986).

*Leverage* is the extent to which other brand associations linked to a brand association become secondary associations for the brand. Leverage can be assessed by comparing the characteristics for the particular company, person, place, event, or product category with those characteristics for the focal brand according to their type, favorability, and strength. Additionally, consumers could be asked directly what inferences are made about the brand on the basis of knowledge of the particular person, place, event, company, or product category.

*Direct approach.* The second approach to measuring customer-based brand equity, directly measuring the effects of brand knowledge on consumer response to marketing for the brand, requires experiments in which one group of consumers responds to an element of the marketing program when it is attributed to the brand and another group of consumers responds to that same element when it is attributed to a fictitiously named or unnamed version of the product or service. By attributing the marketing element to an unfamiliar or anonymous product, consumers should interpret it with respect to their general knowledge about the product or service, as well as prototypical product or service specifications and price, promotion, and distribution strategies. Comparing the responses of the two groups thus provides an estimate of the effects due to the specific knowledge about the brand that goes beyond basic product or service knowledge.

The classic example of this approach is the so-called "blind" test in which consumers evaluate a product on the basis of a description, examination, or actual consumption experience, either with or without

brand attribution. Past research of this type has shown that knowledge of the brand affects consumer perceptions, preferences, and choices for a product (e.g., Allison and Uhl 1964; Jacoby, Olson, and Haddock 1971). Blind tests could be used to examine consumer response to other elements of the marketing mix such as proposed pricing, promotion, and channels of distribution changes.

One important consideration with the direct approach is the experimental realism that can be achieved when some aspect of the marketing program is attributed to a fictitiously named or unnamed version of the product or service. Detailed concept statements can be employed in some situations when it may be otherwise difficult for consumers to examine or experience the marketing mix element without being aware of the brand. Thus, concept statements may be useful in assessing customer-based brand equity when consumers make a product choice or evaluate a change in the product or service composition, judge a proposed brand extension, or respond to a proposed price or distribution change. Assessing customer-based brand equity with marketing communications presents a bigger challenge with the direct approach (e.g., consumer response to a proposed new advertising campaign). In this case, storyboards and animatic or photomatic versions of an ad could be used rather than a finished ad to allow for the necessary disguise of the brand. Though this approach should work well with "informational" ads, it probably would be less appropriate for "transformational" ads emphasizing user, usage, or some other type of imagery, in which production values are a critical ingredient in achieving communication goals (Rossiter and Percy 1987).

Finally, another potentially useful approach for directly assessing customer-based brand equity is conjoint or tradeoff analysis (Green and Srinivasan 1978, 1990; Green and Wind 1975). Conjoint analysis can be used to explore the main effects of the brand name (i.e., differences in preference or choice for the brand) and interaction effects between the brand name and other marketing mix elements such as price, product or service features, and promotion or channel choices (i.e., differences in perceptions for the brand). For example, Rangaswamy, Burke, and Oliva (1990) use conjoint analysis to explore how brand names interact with physical product features to affect the extendability of brand names to new product categories. Note that if conjoint analysis is employed, care must be taken that consumers do not evaluate unrealistic product profiles or scenarios that violate their basic expectations for the product or brand (Park 1991; Srinivasan 1979).

Table 1 summarizes the different measurement alternatives for customer-based brand equity.

**TABLE 1**  
**Measurement of Brand Knowledge Constructs Related to Customer-Based Brand Equity<sup>a</sup>**

Construct	Measure(s)	Purpose of Measure(s)
<b>Brand Awareness</b>		
Recall	Correct identification of brand given product category or some other type of probe as cue	Capture "top-of-mind" accessibility of brand in memory
Recognition	Correct discrimination of brand as having been previously seen or heard	Capture potential retrievability or availability of brand in memory
<b>Brand Image</b>		
<i>Characteristics of brand associations</i>		
Type	Free association tasks, projective techniques, depth interviews	Provide insight into nature of brand associations
Favorability	Ratings of evaluations of associations	Assess key dimension producing differential consumer response
Strength	Ratings of beliefs of association	Assess key dimension producing differential consumer response
<i>Relationships among brand associations</i>		
Uniqueness	Compare characteristics of associations with those of competitors (indirect measure) Ask consumers what they consider to be the unique aspects of the brand (direct measure)	Provide insight into the extent to which brand associations are not shared with other brands; assess key dimension producing differential consumer response
Congruence	Compare patterns of associations across consumers (indirect measure) Ask consumers conditional expectations about associations (direct measure)	Provide insight into the extent to which brand associations are shared, affecting their favorability, strength, or uniqueness
Leverage	Compare characteristics of secondary associations with those for a primary brand association (indirect measure) Ask consumers directly what inferences they would make about the brand based on the primary brand association (direct measure)	Provide insight into the extent to which brand associations to a particular person, place, event, company, product class, etc. are linked to other associations, producing secondary associations for the brand

<sup>a</sup>This table describes the indirect approach of assessing potential sources of customer-based brand equity by measuring brand knowledge. The direct approach to measuring customer-based brand equity involves measuring the effects of brand knowledge on consumer response to marketing—for example, by conducting experiments in which one group of consumers respond to an element of the marketing mix when it is attributed to the brand, and another group of consumers respond to the same marketing mix element when it is attributed to a fictitiously named or unnamed version of the product or service.

### **Managing Customer-Based Brand Equity**

According to the definition of customer-based brand equity, no single number or measure captures brand equity. Rather, brand equity should be thought of as a multidimensional concept that depends on (1) what knowledge structures are present in the minds of consumers and (2) what actions a firm can take to capitalize on the potential offered by these knowledge structures. Different firms may be more or less able to maximize the potential value of brand according to the type and nature of marketing activities that they are able to undertake. Nevertheless, six general guidelines based on the preceding conceptual framework are presented here to help marketers better manage customer-based brand equity.

First, marketers should adopt a broad view of marketing decisions. Marketing activity for a brand po-

tentially can create value for the brand by improving consumers' ability to recall or recognize the brand and/or by creating, maintaining, or changing the favorability, strength, or uniqueness of various types of brand associations. By influencing brand knowledge in one or more of these different ways, marketing activity can potentially affect sales.

Second, marketers should define the knowledge structures that they would like to create in the minds of consumers—that is, by specifying desired levels of awareness and favorability, strength, and uniqueness of product- and non-product-related attributes; functional, experiential, and symbolic benefits; and overall attitudes. In particular, marketers should decide on the core needs and wants of consumers to be satisfied by the brand. Marketers should also decide the extent to which it is necessary to leverage secondary associations for the brand—that is, link the brand to the

company, product class, or particular person, place, or event in such a way that associations with those entities become indirect or “secondary” associations for the brand.

Third, marketers should evaluate the increasingly large number of tactical options available to create these knowledge structures, especially in terms of various marketing communication alternatives. For example, the recent growth of “nontraditional” media, promotions, and other marketing activity (e.g., sports and event sponsorship; in-store advertising; “minibillboards” in transit vehicles, on parking meters, and in other locations; and product placement in movies and television shows) is appropriate from the perspective of customer-based brand equity. As noted previously, the manner in which a brand association is created does not matter—only the resulting favorability, strength, and uniqueness. Thus, many of these new alternatives can offer a cost-effective means of affecting brand knowledge and thus sales, especially to the extent that they complement more traditional marketing tactics. Regardless of which options are chosen, the entire marketing program should be coordinated to create congruent and strong brand associations. Different marketing tactics with the same strategic goals, if effectively integrated, can create multiple links to core benefits or other key associations, helping to produce a consistent and cohesive brand image. Marketers should judge the consistency and cohesiveness of the brand image with the business definition in mind (Levitt 1960) and how well the specific attributes and benefits that the product or service is intended to provide to consumers satisfy their core needs and wants (Kotler 1991; Park, Jaworski, and MacInnis 1986).

Fourth, marketers should take a long-term view of marketing decisions. The changes in consumer knowledge about the brand from current marketing activity also will have an indirect effect on the success of *future* marketing activities. Thus, from the perspective of customer-based brand equity in making marketing decisions, it is important to consider how resulting changes in brand awareness and image may help or hurt *subsequent* marketing decisions. For example, the use of sales promotions involving temporary price decreases may create or strengthen a “discount” association with the brand, with implications for customer loyalty and responses to future price changes or non-price-oriented marketing communication efforts.

Fifth, marketers should employ tracking studies to measure consumer knowledge structures over time to (1) detect any changes in the different dimensions of brand knowledge and (2) suggest how these changes might be related to the effectiveness of different marketing mix actions. To the extent that a more precise assessment of customer-based brand equity is useful,

marketers should also conduct controlled experiments. Consumer knowledge of competitive brands should be similarly tracked to provide information on their sources of customer-based brand equity. Experiments with consumer response to marketing activity for competitive brands can also provide a useful benchmark—for example, to determine the uniqueness of brand associations.

Finally, marketers should evaluate potential extension candidates for their viability and possible feedback effects on core brand image. Given their potential importance to long-term brand value, brand extension decisions are considered in detail in the rest of this section from the perspective of customer-based brand equity and other relevant research.

Brand extensions capitalize on the brand image for the core product or service to efficiently inform consumers and retailers about the new product or service. Brand extensions can facilitate acceptance of the new product or service by providing two benefits. First, awareness for the extension may be higher because the brand node is already present in memory. Thus, consumers should need only to establish a connection in memory between the existing brand node and the new product or service extension. Second, inferred associations for the attributes, benefits, and overall perceived quality may be created. In other words, consumers may form expectations for the extension on the basis of what they already know about the core brand. These inferences can lower the cost of the introductory campaign for the extension—for example, by increasing advertising efficiency (Smith and Park 1992).

Keller and Aaker (1992) review relevant literature to provide a conceptual model of how consumers use their knowledge to evaluate a brand extension. They maintain that extension evaluations will depend on the salience of the core brand associations in the extension context, how relevant consumers perceive this information to be to their extension evaluations, and how favorable inferred associations are in the extension context. In other words, extension evaluations will depend on what kind of information comes to mind about the core brand in the extension context, whether this information is seen as suggestive of the type of product or service that the brand extension would be, and whether this information is viewed as good or bad in the extension context in comparison with competitors.

The salience or accessibility of the core brand associations depends on their strength in memory, as well as the retrieval cues provided by the extension context. Some associations may be salient when consumers evaluate some extensions but not others. The relevance of the salient core brand associations depends, in part, on their perceived similarity to the pro-



posed extension product or service (Feldman and Lynch 1988). When overall similarity is high, consumers are more likely to base their extension evaluations on their attitude toward the core brand (Boush and Loken 1991; Boush et al. 1987; Herr, Farquhar, and Fazio 1990). Overall similarity judgments could be made in different ways (Loken and Ward 1990), though researchers typically assume that they are a function of salient shared associations between the core brand and the extension product category. These similarity judgments could be based on product-related attributes, as well as non-product-related attributes such as user type or usage situation (Bridges 1990; Park, Milberg, and Lawson 1991). When overall similarity is not very high, consumers are more likely to consider specific attributes and benefits involved. If relevant, the favorability of inferred attribute and benefit beliefs will depend on how they are valued in the extension context. Though these evaluations will generally correspond to the favorability of the core brand associations, they can differ, and in fact be negative, even if the core brand associations themselves are positive (Aaker and Keller 1990). Moreover, even if positive attribute and benefit associations for the core brand lead to inferences of positive brand extension associations, inferred negative associations may still emerge (Bridges 1990). Finally, when overall similarity is very low, consumer evaluations also will be very low.

When multiple product or service extensions are associated with the brand, the congruence among their associations becomes an important determinant of the consistency and cohesiveness of the brand image. It is often argued that an extension can help the core brand image by improving the favorability and strength of associations and clarifying the business definition and core benefits for the brand. Aaker (1991) claims that brand extensions helped to fortify the brand images of Weight Watchers and Sunkist. Keller and Aaker (1992) found that the successful introduction of a brand extension improved evaluations of a core brand that originally was perceived to be of only average quality, although in their research setting consumers did not have strongly held attitudes toward the core brand and the company adopted a family branding strategy that raised the salience of its name (and thus perceptions of its credibility).

It has also been argued that successful brand extensions may potentially harm the core brand image if they weaken existing associations in some way. If a brand becomes associated with a disparate set of products or services, product category identification and the corresponding product associations may become less strong. For example, Pepperidge Farm, Cadbury, and Scott Paper have been accused of "overextending" by introducing too disparate products. Dilution effects, with potentially adverse profit

implications, may be especially likely when the existing associations for the core brand are already fairly weak. For example, the successful introduction of the Miller Lite beer in the U.S. may have accentuated perceptions of the flagship Miller High Life beer as a "less hearty" beer because that perception had already been created in consumers' minds by its clear bottle (in contrast to Budweiser's dark bottle). As another example of a potential dilution effect, successful extensions for brands with an exclusivity and prestige image that effectively broaden the target market may produce negative feedback effects on the brand from members of the original consumer franchise who resent the market expansion. For example, the introduction of the lower priced Cadillac Cimaron model is thought to have led to declines in image and sales for the entire Cadillac division (Yovovich 1988).

Though these different types of dilution effects may occur, multiple product or service extensions may not be as harmful to certain abstract associations such as brand attitudes and perceived quality. In other words, although the brand may not have the same specific product or service meaning because of multiple extensions, consumers may still see the brand as representing a range of products or services of a certain quality.

An *unsuccessful* brand extension, in contrast, can harm the core brand image by creating undesirable associations. Such effects are most likely when there is little difference between the original brand and the extension. For example, Sullivan (1990) conducted an econometric analysis that showed how the perceived "sudden acceleration" problem of Audi's 5000 model "spilled over" and reduced demand for its 4000 and Quattro models. Roedder John and Loken (1990) found that perceptions of quality for a core brand in the health and beauty aids area decreased with the hypothetical introduction of a lower quality extension in a similar product category (i.e., shampoo). Quality perceptions of the core brand were unaffected, however, when the proposed extension was in a dissimilar product category (i.e., facial tissue). Similarly, Keller and Aaker (1992) found that unsuccessful intervening extensions in dissimilar product categories did not affect evaluations of the core brand (also see Romeo 1990).

In summary, marketers should evaluate potential extension candidates for their viability and their feedback effects on core brand image by (1) identifying possible extension candidates on the basis of core brand associations (especially with respect to brand positioning and core benefits) and overall similarity of the extension to the brand, (2) evaluating extension candidate potential by measuring the salience, relevance, and favorability of core brand associations in the proposed extension context and the favorability of any inferred associations, and (3) considering the exten-

sion's potential feedback effects on the core brand image and the favorability, strength, and uniqueness of core brand associations.

## Discussion

### Summary

This article introduces the concept of customer-based brand equity, defined as the differential effect of brand knowledge on consumer response to the marketing of the brand. A brand is said to have positive (negative) customer-based brand equity if consumers react more (less) favorably to an element of the marketing mix for the brand than they do to the same marketing mix element when it is attributed to a fictitiously named or unnamed version of the product or service. Brand knowledge is conceptualized according to an associative network memory model in terms of two components, brand awareness and brand image (i.e., a set of brand associations). Brand awareness consists of brand recognition and brand recall. Brand associations are conceptualized in terms of their characteristics by type (level of abstraction and qualitative nature), favorability, and strength, and in terms of their relationship with other associations by congruence, competitive overlap (identification and uniqueness), and leverage. Customer-based brand equity occurs when the consumer is aware of the brand and holds some favorable, strong, and unique brand associations in memory. The different types of customer-based brand equity are discussed by considering the effects of these dimensions of brand knowledge on brand loyalty and consumer response to product, price, promotion, and distribution strategies.

The article also explores some specific aspects of this conceptualization by considering how customer-based brand equity is built, measured, and managed. Building brand equity requires creating a familiar brand name and a positive brand image—that is, favorable, strong, and unique brand associations. Strategies to build customer-based brand equity are discussed in terms of both the initial choice of the brand identities (brand name, logo, and symbol) and how the brand identities are supported by and integrated into the marketing program. Two basic approaches to measuring customer-based brand equity are outlined. The indirect approach measures brand knowledge (brand awareness and elements of brand image) to assess the potential sources of brand equity. The direct approach measures the effects of the brand knowledge on consumer response to elements of the marketing mix. Examples of both types of approaches are provided. Finally, six guidelines for the management of customer-based brand equity are discussed. These guidelines emphasize the importance of taking a broad and long-

term view of marketing a brand; specifying the desired consumer knowledge structures and core benefits for a brand; considering a wide range of traditional and nontraditional advertising, promotion, and other marketing options; coordinating the marketing options that are chosen; conducting tracking studies and controlled experiments; and evaluating potential extension candidates.

### Future Research Directions

In the presentation of a conceptual framework of customer-based brand equity, several constructs and relationships are discussed. Consequently, additional research is necessary both to refine this framework and to suggest other implications for marketing strategies and tactics. Undoubtedly, much previous research may be useful in this effort. Because this research was most likely conducted with a different purpose in mind, however, additional insights may be gained by considering it from the potentially broader perspective of customer-based brand equity. In closing, some research priorities for building, measuring, and managing customer-based brand equity are identified.

There are several important research questions about how to build customer-based brand equity. First, better choice criteria should be established for the brand identities (brand name, logo, and symbol). For example, remarkably little empirical research has systematically examined brand name considerations as they pertain to enhancing brand awareness and building favorable, strong, and unique brand associations. Such research should recognize the numerous trade-offs in choice criteria by suggesting when certain characteristics of the brand identities should be emphasized. For example, memory retrieval considerations that arise from associative strength and part-list cueing theories in psychology imply that a meaningful, "suggestive" brand name may facilitate initial positioning, but a nonsuggestive or neutral brand name may more effectively accommodate later repositioning. Support of this hypothesis would imply that firms may be better off adopting more flexible branding strategies, using more neutral brand names, if they anticipate needing to reposition the brand later. In developing contingency-based choice criteria, it also will be necessary to clarify the roles of various brand identities by considering more explicitly how brand names, logos, symbols, slogans, and other trademarks can contribute differentially to building customer-based brand equity. This line of research could consider visual and verbal properties of these brand identities and how they might affect brand awareness and the favorability, strength, and uniqueness of brand associations.

In terms of understanding how the supporting mar-

keting program builds customer-based brand equity, two particular research directions could be pursued. First, factors influencing the favorability, strength, and uniqueness of brand associations, a focus of much past research, should continue to be explored, but along several different lines. Are certain types of associations inherently more favorable, stronger, or unique in memory? Which types of associations are more easily created by a particular marketing or communication mix element? Which types of associations are more likely to influence consumer response with respect to a particular marketing mix element? Finally, what are the tradeoffs involved in creating favorable, strong, and unique brand associations? For example, it was suggested previously that benefits can be more memorable than attribute information, but attributes may have to be communicated to persuade consumers and create favorable benefit associations. It was also suggested above that non-product-related or image attributes, such as user type or usage situation, may create unique associations, but under some circumstances they may not be favorably received or strongly linked to the brand in memory.

Second, the costs and benefits of leveraging secondary associations should be explored. For example, how and under what conditions should a firm increase the salience of source factors related to the brand (i.e., the company, country of origin, and distribution channel)? All of these source factors have their own set of associations. How do consumers merge or combine these associations with other brand associations? In other words, how do these source and brand images interact? Another important issue is when and how a brand should attempt to become associated with a particular person or event. For example, Rossiter and Percy (1987) offer the following criteria for choosing a presenter in advertising: (1) visibility, (2) credibility (expertise and objectivity), (3) attraction (likability and similarity), and (4) power. These criteria could be adapted to address when and how a brand should become identified with an event.

One important research priority is to develop valid benchmarks for the direct approach to measuring customer-based brand equity—that is, plausible descriptions of the relevant activity (advertising, promotion, product, pricing, etc.) with no or fictitious brand identification. Another useful contribution would be to design efficient and effective approaches to conducting tracking studies. This would entail considering the pros and cons of different qualitative and quantitative approaches to measuring brand knowledge of consumers.

Several research questions are relevant for managing customer-based brand equity. What strategies are effective in creating strong brand associations? How can different marketing mix elements be integrated to create strong and congruent brand associations and a

consistent and cohesive brand image? This line of research should clearly examine how traditional and nontraditional marketing options interact. Effective strategies for integrating marketing communications in terms of advertising, promotion, publicity, direct marketing, and package design are especially needed. For example, how can advertising be coordinated across broadcast and print media to enhance brand awareness and strengthen brand associations? These research studies might consider memory principles and theories of encoding and retrieval.

Also, how should the consistency and cohesiveness of a brand image be managed over consumer segments (including geographic boundaries) and over time? A diffuse brand image with weaker and less favorable brand associations may be particularly evident when a brand attempts to reposition itself (e.g., switching to a new target market) (Heckler, Keller, and Houston 1992). Are there ways in which a brand image can be “flexible” and appeal to different consumer segments? To manage the brand image better over time, more precise guidelines as to the “indirect” effects of current marketing activity on the success of future marketing activity are needed—for example, by achieving a better understanding of how brand knowledge influences consumer response.

Finally, broader implications of customer-based brand equity should be explored by considering aggregation issues associated with brand knowledge effects on market segments or the customer franchise as a whole, as opposed to effects on an individual consumer. An aggregate analysis also could consider the implication of customer-based brand equity for sales, market share, and profits. This more extended analysis should consider aspects of the company (e.g., its strengths and weaknesses) and the competitive nature of its markets. Similarly, it may also be useful to incorporate some of the concepts that relate to customer-based brand equity to address other management questions pertaining to branding—for example, to develop a financially based conceptualization of brand equity.

## Conclusions

The goal of this article is to present a conceptual framework that would provide useful structure for managers developing brand strategies and researchers studying brand equity. In particular, the article builds a theoretical foundation based on past research in consumer behavior that should be helpful in addressing some of the new challenges in developing brand strategies that have arisen because of changes in the marketing environment (e.g., from the proliferation of brand extensions and the growth of new, alternative promotional and media alternatives).

Though many of the ideas expressed in this con-

ceptual framework may be familiar to managers, its value is in integrating these various notions to provide a more comprehensive picture of how marketers can create value for a brand. For example, marketers may agree that they should take a broad and long-term view of marketing decisions for a brand, but how they should do so may not be obvious. By recognizing that marketing activity can potentially enhance or maintain consumers' awareness of the brand or the favorability, strength, and uniqueness of various types of brand associations, the customer-based brand equity framework may provide the perspective that will enable

marketers to take better short-term and long-term marketing actions. Moreover, this framework may also suggest some considerations that have been otherwise overlooked. Thus, this broader context can help managers can make more insightful and informed brand decisions.

For researchers, the value of the framework is in suggesting areas where managerial guidance is needed but academic guidelines are currently lacking. As suggested by the large number of suggested future research directions identified, much work needs to be done.

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Reprint No. JMS71100