

Benefits of Brand Building

The promotion of a brand is just ONE aspect of building brand equity. Achieving strong brand equity requires many components, but it can create significant value in the marketplace.

The following exercise contains a number of checklist points for you to discuss regarding the building of, and the return on, brand equity.

Factors that may contribute to (or detract from) the building of strong brand equity:

- Product range
- Relative product quality
- Points of differentiation
- Retailers used
- Retailer prominence
- CEO profile
- Media (mainstream and blogs/forums)
- Word-of-mouth
- Use of celebrities
- Other brand associations
- Visibility of the product
- Social media 'connection'
- Social 'status' of the product
- Entertainment or self-identity product
- Market share (extent of popularity)
- Perceived innovation
- Perceived integrity
- Success of new products
- Sales + service staff
- Target markets
- Market coverage (global?)
- Time in market
- Competitive set
- B2C or B2B only
- Social responsibility
- Competitor's actions
- Employee behavior

Potential benefits that may be gained from strong brand equity:

- Increased sales
- Price premium
- Customer loyalty
- WOM and promoters
- Perceived popularity and real visibility
- More effective social media
- Mainstream media attention
- Retailer appeal
- Point-of-sale merchandise uptake
- Supplier bargaining power
- Staff recruitment and retention
- More energetic corporate culture
- More skills and resources and capabilities
- New product success
- More product line extensions
- Easier market development
- Strategic alliances
- More efficient marketing spend
- Significant competitive advantage
- Reduces threat of new entrants
- Increased profits and stability of cash flows
- Borrowing/capital raising
- Stable cash flow and easier planning
- Economies of scale
- Improved price/earnings ratio

Student Discussion Questions

1. Review the list of factors that may contribute to building positive brand equity (list one). Which factors do you think would be the main contributors to a firm's brand equity?
2. Now review the second list of brand equity benefits. Which ones do you consider to be the main benefits?
3. Looking at the two lists, do you think that there is a relationship between the two? That is, does a strength/performance in one list contribute to a better result for a similar factor in the other list? (Example, a strong brand can be built by social media, yet strong brands will generally have a greater social media presence and uptake.)
4. One of the fastest growing firms, in terms of its brand equity, in recent years has been Apple. Identify the factors on both lists and has contributed to the increase in its brand equity and the benefits they have gained from this increased position in the marketplace.