HOW BRAND IMAGE DRIVES BRAND EQUITY

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While there has been general agreement that brands—at least *some* brands—do *have* images, there has been far less consensus about what images are, whether they can be measured, how they are formed, and, ultimately, what they are worth.

This paper will offer some insights about the nature of brand images and explore the relationship of image to the concept of brand equity.

"BRANDSCAPE" AND PERSONAL BRANDSPACE

In twentieth century America we could well be described as living in a rich "Brandscape," as anthropologist John Sherry (1987) puts it.

From this brandscape of availability, however, we select what might be better labeled a "personal brandspace" in which to live. A personal brandspace suggests a proximity—both positive and negative—to the plethora of brands available to me.

The play, *Pygmalion,* dramatized the point that in the Great Britain of George Bernard Shaw's day, one could deduce the background and lifestyle of another simply on the basis of speech inflection.

Today, were I to reveal the brands I personally use, and other brands that are adjacent to me, you would *automatically* begin to develop a mental picture of me; an idea of what I'm like and expectations of how I might behave (Biel, 1991).

> Brands not only furnish the environment in which I live, but they also *enrobe* me, and by so doing, help define who I am. They help define who I am not: if I were to tell you which brands I *avoid,* you would learn still more about me.

Further insight into the role brands play comes from visiting another city for the first time: familiar brands create a feeling of security for the visitor.

But there is more to it than that: when sociologist Louis Wirth described the ennui of life in the city, he noted that while one lived, played, worked, and prayed with the same people in small towns, the inexorable march toward urbanization and relocation brought far more *fragmented* relationships.

> For some, the constancy of brands, of how they feel about them, and of how they believe they will be treated, yields a pleasing degree of comfort. As one moves through one's daily routine, there is a certain measure of reassurance in the familiar advertisements, signage and logos that one encounters.

Finally, on a very practical level consumers like brands because they *package* meaning. They form a kind of shorthand that makes choice easier. They let one escape from a feature-by-feature analysis of category alternatives, and so, in a world where time is an ever-diminishing commodity, brands make it easier to store evaluations.

WHAT IS A BRAND—REVISITED

The first brands were developed by industrial concerns over a century ago to wrest control of sales of products from retailers. But while brands originated in the field of consumer goods, today the concept of brand has spread to a far wider range of "purchasables." Service brands abound, as do brands in the business-to-business field.

The concept of brands is somewhat easier to understand and accept in categories where the product is complex and multifaceted. However, successful brands have frequently been developed in commodity-like categories: examples include Perrier—for which Nestle recently bid over 2.5 billion dollars—and Evian in water, Purdue in chicken, and Colombian coffee.

If you doubt the power of branding to proprietize a commodity, I refer you to the December 21, 1991 issue of *The Economist,* which, in an article on the ice trade between the United States and the United Kingdom in the 19th century, describes the Wenham Ice Company. It seems this Massachusetts firm clearly understood the value of promoting a brand. Among other things, they provided ice to Queen Victoria and Prince Albert,

and their large staff of liveried couriers were a frequent sight on the streets of London in the 1850s. When the ice trade across the Atlantic diminished in the years that followed, the Wenham Ice Company bought ice rights to a lake in Denmark and continued the branded ice business from there—*after* renaming their new Danish source "Lake Wenham."

EQUITY: THE VALUE OF BRANDS

Although the definition of brand equity is often debated, and the term is frequently confused with brand image, we suggest that there is a clear distinction.

Brand equity deals with the *value,* usually defined in economic terms, of a brand *beyond* the physical assets associated with its manufacture or provision.

> While brand image is a concept originated and "owned" by marketers and advertising specialists, the idea of a brand having an equity that exceeds its conventional asset value is a notion that was developed by financial people. Underlying a brand's equity is the concept of what is sometimes referred to as a brand's "consumer franchise," "loyalty," or even its "fans."
>
> Indeed, Blackston has recently described consumers as *stakeholders* in brands, along with their owners and marketers. As evidence, he notes that it was consumers who demanded that Coca-Cola give them back their brand at the time of the New Coke fiasco.

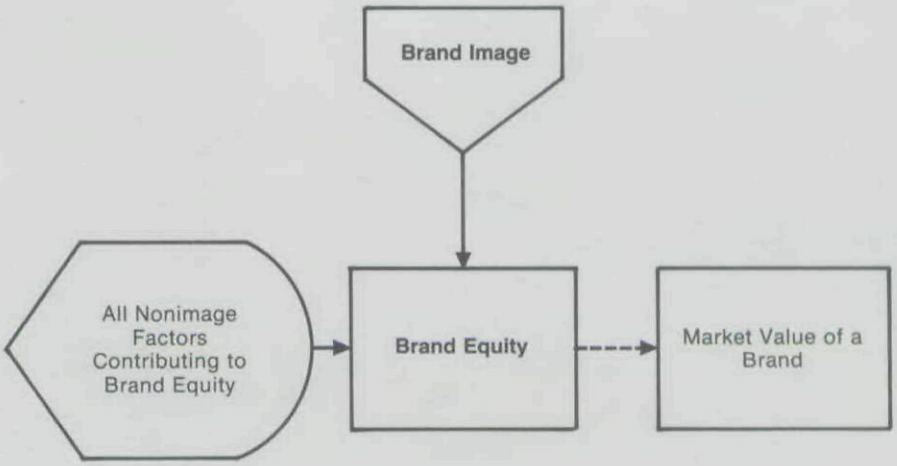
Brand equity can be thought of as the *additional* cash flow achieved by associating a brand with the underlying product or service.

In the case of an acquisition of a brand, it is the *expectation* of that future cash flow that commands a premium over the cost of developing the plant and infrastructure required to bring a new, competing brand to the market.

It is useful—albeit incomplete—in this connection to think of a brand's equity as the premium a consumer would pay for a branded product or service compared to an identical unbranded version of the same product/service. In this connection, the Chadwick-Bond model using the mathematics of conjoint analysis is particularly appealing.

Figure 1

Brand Image/Brand Equity Relationship



It also follows that stronger brands will have more equity than weaker competitors.

While the controversy about whether or not to include brand equity on a company's books is not yet resolved, the very fact that it is a debatable issue has already had the effect of focusing attention on the financial properties of brand values.

STRONG BRANDS

Interestingly, marketers are not particularly *articulate* in identifying the characteristics of brand strength beyond share of market. However, when asked to identify strong brands with no supporting guidelines, there is a great deal of *agreement* about which brands are strong and which are not.

> Rolex, for example, is consistently described as a strong brand, as is Alka Seltzer. Not surprisingly, so are Apple, IBM, Pepsi, Green Giant, Kleenex, Volkswagen, and the *New York Times*. Winston, however, is not. Neither is Canada Dry, nor the *New York Daily News*.

Smothers (1991) has recently suggested that some brands go *beyond* strength to exhibit qualities of "charisma," insofar as they capture our imagination as leaders. Apple and Nike are two examples that are cited.

Salience, Trust, Richness. There are several attributes that seem to characterize brands marketers describe as strong: salience with respect to the product category is one. Trust is another: strong brands are likely to be held in high regard.

A third factor is richness. Leavitt (1987) has noted that strong brands are also more likely to have shape and substance. They evoke a more extensive, richer set of associations. Visual images and words or phrases linked with strong brands are likely to be more easily retrieved from memory.

Interestingly, while strong brands often have high market shares, market share *alone* does not distinguish them from other brands.

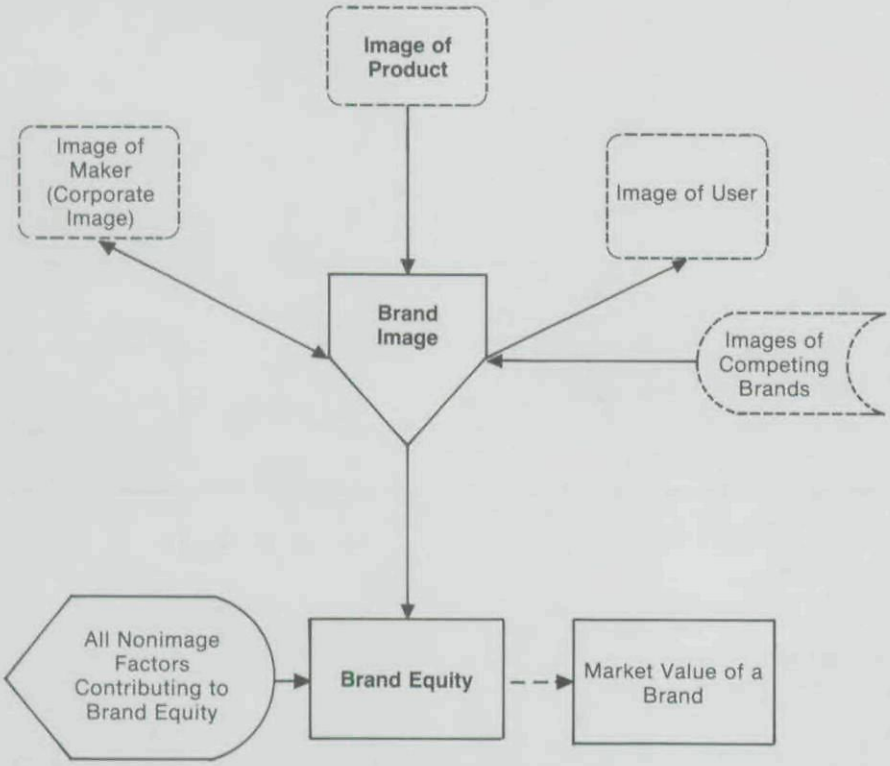
BRAND IMAGE DRIVES BRAND EQUITY

While brand equity has come to stand for a financial concept associated with the valuation placed on a brand, it is useful to recognize that the equity of a brand is *driven* by brand image, a consumer (or customer) concept. Schematically, the relationship may be represented as shown in Figure 1.

Any expectation of the cash flow *premium* enjoyed by a successful brand ultimately depends upon consumer behavior. And consumer behavior is, at root, driven by perceptions of a brand. While behavioral measures of purchase describe the existence of equity, they fail to reveal what is in the hearts and minds of

Figure 2

The Three Components of Brand Image



consumers that is actually driving equity.

Brand Image Defined: The Associations Linked to Brands. If brand equity is the added value brought by a brand, how can we most usefully define brand image? A good starting point is to describe the image of a brand as that cluster of attributes and associations that consumers connect to the brand name.

These evoked associations can be "hard": they can be specific perceptions of tangible/functional attributes, such as speed, premium price, user-friendliness, length of time in business, or number of flights per day.

They can also be "softer" or more emotional attributes, like excitement, trustworthiness, fun, dullness, masculinity, or innovation. A brand like Apple might be associated with youthful ingenuity, while IBM might be linked to efficiency. Prudential may evoke thoughts of stability, while Allstate may conjure up care.

Three Components of Image. The image of a brand can be described as having three contributing subimages: the image of the provider of the product/service, or corporate image; the image of the user; and the image of the product/service itself. However, the *relative* contribution of these three elements varies by product category and by brand. In the case of Marlboro, the corporate reputation of Philip Morris plays hardly any role at all in forming the brand's image. The product image itself contributes; but perhaps the strongest contributor is the impression people have of the brand's users.

Gray Poupon plays heavily on the image of the user, a little on the image of the product, and not at all on the reputation of the manufacturer.

All three components of image are operating for the leading brands in the personal computer field: image of maker, product and user each clearly contribute to the brand image of Macintosh, for example, as well as for IBM's PC. Schematically, this is represented in Figure 2.

PERSONALITY AND CHARACTER

As Lannon (1991) has noted, "Brands are bought for *who* they are as well as what they are." Clearly, the user component of brand image can be described in terms of imputed personality. Consumers have little difficulty in describing who might smoke Marlboro cigarettes, serve Gallo wine, or wear Calvin Klein jeans.

Less obviously, however, by employing sufficiently sensitive questions, and using methods like collage and object role-plays, investigators such as Baker (1990) and his colleagues Restaino and Schumann have found that rich, consistent descriptions of the personality and character of the *brand itself* can be elicited.

> Some brands are seen as distinguished, sentimental, righteous, or even devout. But others are described as slippery, dour, sophisticated, or arrogant. Although brand personality studies have heretofore been largely ad hoc in nature, important progress is now being made in the development of standardized transnational brand personality measures (Baker, 1990).

More recent research has suggested that brands can also evoke feelings as well as associations. Some brands make one feel happy; others, confident or safe; while still other brands evoke feelings of boredom, confusion, or amusement.

Although conventional wisdom has implied that consumers are blank tablets upon which marketers etch images, some investigators are now demonstrating that the dialogue is two-way. Lannon (1991) describes consumers as *interacting* with brands. She goes on to argue that advertising style and convention evolves over time from what she refers to as "The Manufacturer Speaks" approach to "The Brand Creates Its Own Language Code."

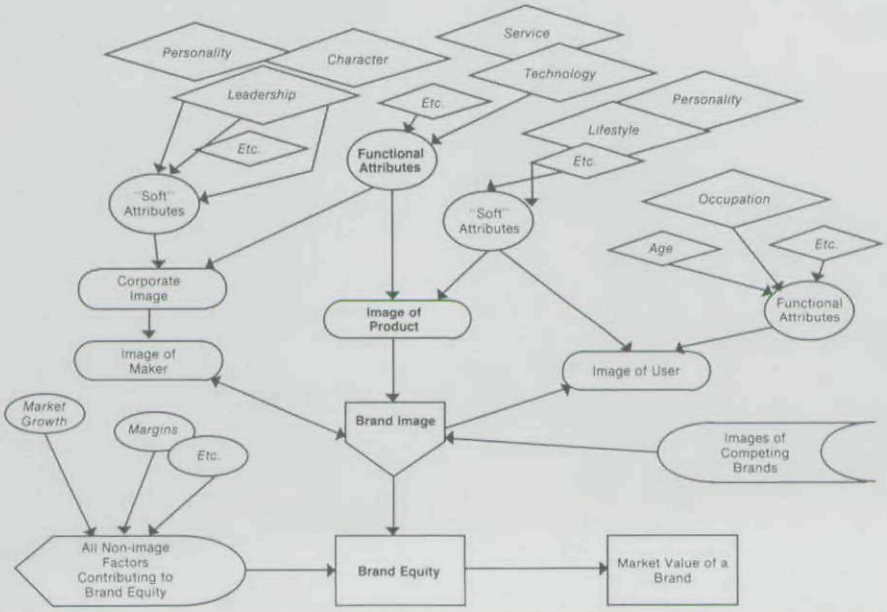
Taking this notion a step further, Blackston (1991, 1992) has done some fascinating and, in my opinion, very important work in this area of the brand-consumer interaction. He has demonstrated the existence of brand *relationships* by showing that consumers are not only able to describe the way they see brands but also the way in which *brands see their consumers*.

VISUAL REPRESENTATIONS

Brand images also have a strong nonverbal component. For many brands—especially strong brands—

Figure 3

The Ways in Which Associations Drive Brand Image and Brand Equity



the unique symbols long associated with them may be *automatically* accessed from memory as soon as the brand is shown, as Fazio and his colleagues have demonstrated.

> For some, the pictorial image of silver-wrapped kisses comes to mind when the word Hershey is presented; others see the silver-on-chocolate brown wrapper. When Green Giant is mentioned, people see the Giant himself in their mind's eye. The distinctive "batwing" shape alone evokes identification of its owner, Levi jeans.

Indeed, King (1989) has suggested that the use of a well-chosen "visual metaphor" can capture, through association, desirable values to be associated with a brand. The visual metaphor can provide a powerful set of symbols that are particularly important in service categories, where there is no tangible product per se. Examples might include the Wells Fargo stagecoach, symbolizing a bank that comes through for its customers, or Merrill Lynch's bull denoting optimism.

Visual representations also seem to have some unique advantages. While counterargument is sometimes elicited by verbal messages, visual representations are processed differently and not subjected to the same logical scrutiny employed for verbal propositions. As a consequence, they are more likely to be accepted. If the Green Giant, for example, symbolizes fresh-from-the-farm, this is less likely to be challenged by the viewer than a verbal claim stating that a brand of canned vegetables is farm-fresh.

HARD AND SOFT ATTRIBUTES

There has long been concern among marketers that the softer attributes of brands have little impact on purchasing behavior. However, recent research evidence suggests that this is not necessarily the case.

A BBDO study (1988) that asked consumers to estimate the extent to which leading brands in a category were truly different or pretty much the same revealed that consumers were far more likely to find differences in categories that rely on emotional appeals, such as beer and cigarettes, than those utilizing predominantly rational appeals, such as cleaning products.

A possible explanation for this may be that functional differences between many brands today are at best marginal; most or all detergents, for example, claim they clean better than the competition. And in any event, technological progress is so rapid that any advantage is short-lived. However, the so-called softer characteristics of image such as brand personality, being less constrained by the physical attributes of the underlying products, are often far more differentiated. The metaphorical and symbolic vocabularies available are much richer. Bank of America and Security Pacific may become locked in combat about who offers the best rates and points on mortgages. But they cannot today "own" the traditions of the spirit of the West, combining strong values of dependability and commitment that Wells Fargo has so effectively preempted.

Brand personality has two other advantages to those interested in building brands: one is that while features can change, and today's advantage can become tomorrow's liability, brand personality, if it taps more enduring values, has a far better chance of continuing longevity.

A second advantage is that brand personality encourages more active processing on the part of the consumer, suggesting that he or she can interpret a brand's image in a manner that is more *personally* meaningful.

If we put the concepts discussed thus far together, we can now represent the ways in which associations drive image which in turn drives equity (see Figure 3).

SOURCES OF IMAGERY

In addition to direct and indirect (i.e., word of mouth, media reports, etc.) personal experience with a brand, media advertising is an obvious source of image, both reflecting and forming the brand's gestalt. Morris the cat for Nine Lives cat food, the Friendly Skies of United, Karl Malden for American Express Travelers' Cheques, the man with the eyepatch for Hathaway shirts, and Budweiser's Clydesdales are all examples of the residua of well-established campaigns.

This is not, of course, a new phenomenon. The Doyle Dane Bernbach advertising for a plain-to-the-point-of ugliness car, the Volkswagen Beetle, was so uniquely effective that one could argue that the advertising actually became a product attribute. By purchasing the car, a buyer *also* obtained "bragging rights" to the sophistication of the car's advertising.

Buyers were transformed from simply being practical, to being clever, in the know, and smart.

Other sources of image in addition to media advertising include packaging, corporate identity, public relations, direct response, sales promotion, and one's own employees. Advertisers who fail to recognize this multiplicity of sources of image do so at their peril. Consider:

> The high pressure, mail-box cluttering direct response material for *Newsweek* arguably degrades my image of the brand. So does the constant price promotion for a premium product. And the adamant but uninformed agent at United who assured me my flight would leave on time—it didn't even come close—on a snowy afternoon didn't reinforce the friendliness of United's skies.

One way of thinking about brands involves the use of an analogy from Newton's second law of thermodynamics in physics: the natural tendency toward disorder or entropy is not dissimilar to what happens in the world of branding.

> Brands inject order in markets. Strong brands inject more order than weak brands. Neglect of brand building—whether benign through lack of support or malignant through mixed or inconsistent messages—leads to increased entropy, which can ultimately turn a branded market into a commodity market.

Tying Image to Equity: Where We Stand. In the past, research on branding has largely focused on the *identification* of brand image and also on the monitoring of changes in image. Studies of this type were usually *descriptive* in nature.

Today the key issues in branding research, from a practitioner's point of view, focus on two themes: One is how to quantify brand equity. The other is how to identify the elements of brand image likely to impact changes in consumer behavior and in turn lead to changes in brand equity.

RELATING BRAND IMAGE TO BEHAVIOR

There are two goals that are normally involved in assessing brand image. The most frequent is simply revelation and understanding.

The second goal is more action-oriented: it addresses the question of modification of the brand's image. The technology for accomplishing the second goal is also more complex.

Recently, however, there have been encouraging signs of progress. For example, Morgan and his colleagues (1990) at Research International, on both sides of the Atlantic, have demonstrated a promising model known as Pilot/Locator.

> As the name suggests, Pilot/Locator is a micromodel of an individual's brand image that relates that image to the person's preference structure. In other words, the marketer can now work with an *actionable link* between changes in brand image and brand choice.

Through simulating changes on a *disaggregate* basis, the micromodel is able to predict the effect of shifts in brand image on brand preference. Studies of this type are particularly appealing to the practitioner in the sense of providing *prescriptions* for brand positioning.

As an example of this promising approach, let me share some heavily veiled but nonetheless real data on a brand in the food-service field.

To capture preference, a standard constant sum preference exercise was conducted among the leading brands in the client's product field. In many fields—especially those where the exogenous variables are relatively weak or can be effectively accounted for—there is a strong relationship between the preference obtained in the constant sum measure and share of market, and in this example the relationship obtained.

Separately, but among the same consumers, a description of the brands was undertaken using 10-point Likert scales covering 32 image items known to be important to the product category. Using these data, a perceptual map of the image of the brands competing in the market was constructed.

> Since Pilot/Locator is a micromodel, the investigators were able to model *each* consumer interviewed based on images of each brand in the respondent's salient set, and the dependent variable derived from the constant sum exercise (Morgan et al., 1990).

Through a series of simulations, it was possible to determine which of the 32 image variables, if improved for the client's brand, would be most likely to lead to an increase in overall brand choice. Once this is done for a single variable, it is of course possible to continue the process to look for the next contributor, and so on. By "editing" the image scores on a respondent-by-respondent basis, it is also possible to create a new map on the assumption that the prescribed image improvements can be achieved.

In this particular exercise, a group of four critical attributes was identified. A 20 percent improvement in any *one* of these four out of the 32 image attributes would increase the brand's share of preference by about 11 percent, as illustrated in Figure 4.

My second example is drawn from a non-food fast-moving consumer

Figure 4

Changes in Some Brand Image Attributes Drive Changes in Brand Share

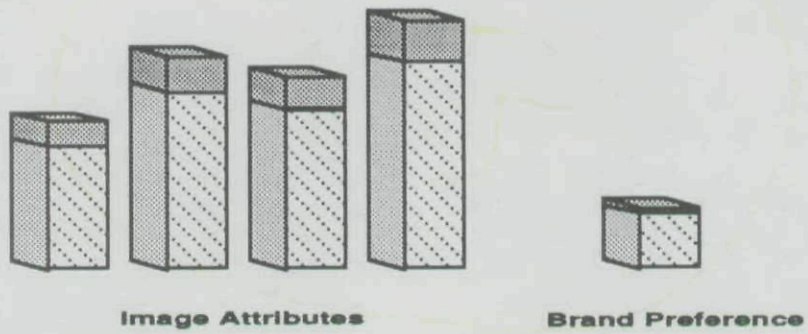
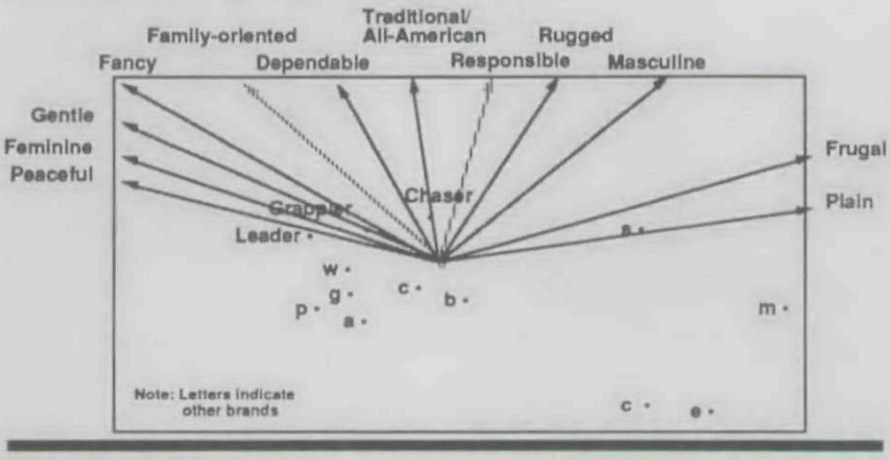


Figure 5

Brand Personality Map



goods ("fmcg") category. This category could be arguably described as "commodity like," in that prior research indicated that consumers made very few functional distinctions between brands.

Because of this, all 28 of the independent variables were personality descriptors. Examples include family-oriented, responsible, rugged, peaceful, and masculine. Again, Likert scales provided the independent variables, while a CSP contributed the dependent measure.

Figure 5 shows the initial perceptual map that was generated. It displays the brands relative to each other and to the personality variables. Each independent variable was increased 20 percent to determine the importance of the variables in determining share of preference. Indexed scores ranged from +182 to −50 relative to the mean.

The first Pilot/Locator simulation (see Figure 6) shows changes for the client's brand, which we'll call "Chaser," if it were to *successfully* modify brand personality based on improving its image on the variables most likely to increase its share of preference. To do this, it would need to become more family-oriented, dependable, and responsible. It would also need to be more traditional and "All-American" in character.

The second bar shows what would happen if Chaser were instead to enhance its personality to be more like the brand "Leader," which is in fact the dominant brand in the market. This strategy would require making Chaser's image more gentle, peaceful, and feminine, but also a bit more fancy (Morgan et al., 1990).

And, as you can see, following Leader would not, in the end, do as much for Chaser's share of preference.

Figure 7 shows Pilot/Locator's prediction of what would happen if Leader and the second brand in the market, "Grappler," were to adopt the strategy recommended for Chaser. As you can see, the strategy would work for Leader but not for Grappler. However, Leader's current success would suggest that they would be unlikely to change. Conclusion: Competitive imitation of Chaser's strategy would not be a threat.

Figure 6

Change in Preference Share for Chaser

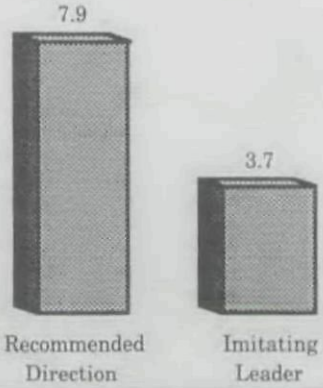
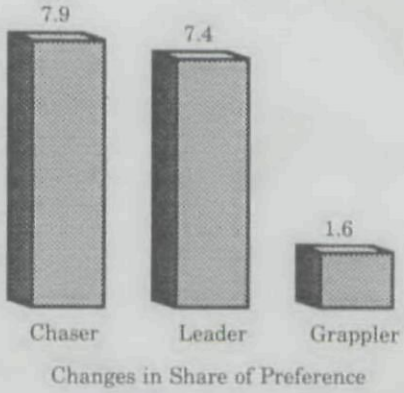


Figure 7

"What If" Leader or Grappler Imitated "New" Chaser?



BUILDING STRONG BRANDS: A SUMMARY

The market has clearly declared that brand equity is alive and well. The point of this paper has been to demonstrate the relationship between brand image and equity and to identify some of the properties of image. The new combination of skillful identification of the attributes of a brand's image and state-of-the-art micromodeling takes us one step further by relating changes in image to preference, which we have argued drives brand equity.

Future research will hopefully continue to explore the connection between elements of a brand's image and the equity that the brand commands. In the main, most firms currently develop brands by refining and recombining functional attributes. But the increasing speed of technological change is such that there would appear to be better opportunities for developing stronger, more erosion-resistant brands by allocating a larger share of resources to the so-called softer side of image than is currently the case.

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