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Brand Equity and Image Assessment

The most important assets of any business are *intangible* — including its base of loyal customers, brands, symbols & slogans — and the brand's underlying image, personality, identity, attitudes, familiarity, associations and name awareness. These assets — along with patents, trademarks, and channel relationships — comprise **brand equity**, and are a primary source of competitive advantage and future earnings.

The brand is a distinguishing name and/or symbol (logo, trademark, or package design) intended to identify the origin of the goods or services — and to differentiate those goods or services from those of competitors. A brand signals to the customer the source of the product — and protects both the customer and producer from competitors who would attempt to provide products that appear to be identical.

By developing strong & consistent images, well-regarded brands generate hidden assets — or brand equity — that give them distinct advantages. Brand equity is a form of wealth that is closely related to what accountants call "goodwill."

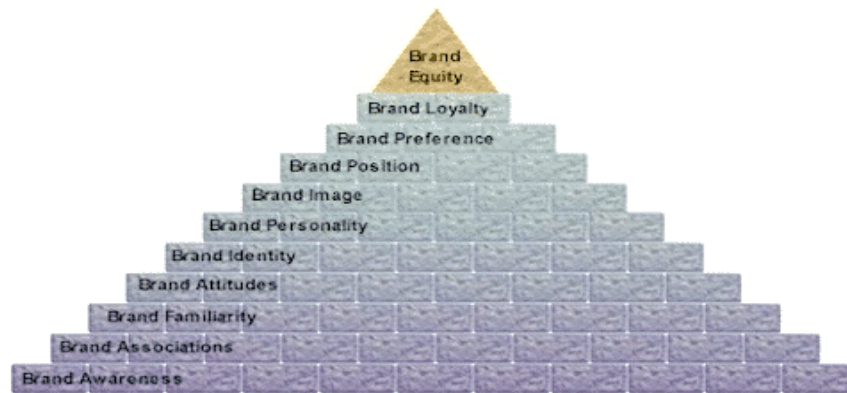
A brand is a promise made to its customers and shareholders. Promises that are kept yield loyal customers and produce steady streams of profits. Brand equity is initially built by laying a foundation of brand awareness — eventually forming positive brand images — and is ultimately maximized by high levels of brand loyalty.

At least five general approaches to assessing the **value of brand equity** have been proposed:

1. *Price premium that the name can support*
2. *Impact of the name on customer preferences*
3. *Replacement value of the brand*
4. *Stock market valuation (stock value less tangible assets)*
5. *Earning power of the brand*

Brand equity has been also defined as:

- *The component of overall preference not explained by objectively measured attributes; and*
- *The set of consumer associations & behaviors that permits the brand to earn greater volume or margins than it could without the brand name.*



Brand image is everything. It is the sum of all tangible & intangible traits — the ideas, beliefs, values, prejudices, interests, features & ancestry that make it unique. A brand image visually & collectively represents all internal & external characteristics — the name, symbol, packaging, literature, signs, vehicles & culture. It's anything & everything that influences how a brand or a company is perceived by target constituencies — or even a single customer.

Brand image may be the best investment a company can make. Creating or revitalizing a positive brand image is a basic component of every business — and lays a foundation on which companies can build their future.

Brand Positioning

Product positioning is an important strategy for achieving differential advantage. Positioning reflects the "place" a product occupies in a market or segment. A successful position has characteristics that are both differentiating and important to consumers.

Every product has some sort of position — whether intended or not. Positions are based upon consumer perceptions, which may or may not reflect reality. A position is effectively built by communicating a consistent message to consumers about the product and where it fits into the market — through advertising, brand name, and packaging.

Positioning is inextricably linked with **market segmentation**. You can't define a good position until you have divided the market into unique

segments and selected your target segments. Three key research issues must be addressed:

What is your current position?

- *What does the "space" look like — what are the most important dimensions in the category?*
- *What are the other products in that space and where are they?*
- *What are the gaps, unfilled positions or "holes" in the category?*
- *Which dimensions are most important?*
- *How do these attitudes differ by market segment?*

What position do you want to have?

Some of the positioning opportunities for a product include:

- *Finding an unmet consumer need — or at least one that's not being adequately met now by competition*
- *Identifying a product strength that is both unique & important*
- *Determining how to correct a product weakness and thereby enhance a product's appeal. (e.g., legitimate "new & improved")*
- *Changing consumer usage patterns to include different or additional uses for the product*
- *Identifying market segments, which represent the best targets for a product*

How do you create a new positioning?

Creating a new positioning can come from two sources:

- *Physical product differences*
- *Communications — finding a memorable and meaningful way to describe the product (e.g., calling 7-Up the "Uncola"). As Ries and Trout point out, "Positioning is not what you do to a product; positioning is what you do to the mind of the prospect."*

