

**Antecedents and consequences of
brand equity and brand value of
business to business environments
within the Gauteng province**

Willie Schoeman, B.A., H.E.D.

1032 6065

Mini-dissertation submitted for the degree *Masters in
Business Administration* at the Potchefstroom Campus
of the North-West University

Promotor: Dr. Henry Lotz

November 2012

ABSTRACT

Branding and consciously aiming for a certain brand identity has been practised for over four centuries. Irrespective of whether it is a business to consumer or business to business environment, marketing and branding are aimed at increasing volume, and therefore revenue, but is also about adding some additional measure of value to the products or services on offer.

Brand management practices have existed for decades, but brand equity as a central business concept for many organizations has only really emerged in the past twenty years. Even though there is huge interest in branding with a definite predominance of branding in consumer or business to consumer (B2C) markets, literature indicates that branding, brand equity and brand value in business to business (B2B) environments are handled and experienced differently to the extent that it has received little attention from academics.

Therefore the question is firstly to determine the differentiating factors/elements in B2C and B2B environments and; secondly what corresponding factors/elements are there in B2C and B2B environments. The practical application of branding in business to business environment is consequently investigated to assess to what extent businesses are able to create brand value and brand equity. Larger businesses increasingly exhibits trends in recognising the importance of branding and brand names, while small and medium-sized business fare poorest when it comes to harnessing the potential of branding. Yet in the face of a changing business landscape, brought about by the current economic recession sparked by the U.S. subprime crisis of 2007, these businesses are beginning to realise the importance of having a strong brand name in order to achieve not only a sustainable competitive advantage, but also in a quest to remain ahead of the competition.

Even though the valuation of brand equity and brand value is discussed, the actual calculation of such valuations does not fall within the scope of this study.

Key words: brand(s), branding, brand equity, brand value

ACKNOWLEDGEMENTS

I wish to acknowledge and thank the following:

- My study leader, Dr. Henry Lotz, for all his patience and support – it was an honour to learn so much from him;
- The executives selected for my qualitative research study. Not only did they give of their valuable time to grant me personal interviews, but by also preparing in advance they ensured that their input turned out to be both informative and insightful;
- All the members of my study group for their invaluable friendship, support, hard work and perseverance. Yesterday brought the beginning, tomorrow brings the end, but somewhere in the middle we've become best of friends.
- My dear friends, Piet and Hetta Jordaan, for their support and understanding the sacrifices our friendship had to endure to complete this study;
- My parents and my wife, Sonette, and my daughter, Danette, for their love, patience, encouragement and much needed support, in providing me with inspiration to complete this study;

But most importantly, to our Heavenly Father, for His infinite grace and kindness, to whom all praise is due and through whom all is accomplished for providing me with the means and opportunity to fulfil this dream.

CONTENTS

ABSTRACT	ii
ACKNOWLEDGEMENTS	iii
LIST OF ABBREVIATIONS	vii
LIST OF FIGURES	viii
LIST OF TABLES	ix
LIST OF APPENDICES	x
CHAPTER 1 : NATURE AND SCOPE OF THE STUDY	1
1.1. INTRODUCTION	1
1.1.1. Purpose of the study	1
1.1.2. Context of the study	1
1.2. PROBLEM STATEMENT	4
1.3. RESEARCH OBJECTIVES	7
1.3.1. Primary objective	7
1.3.2. Secondary Objective	8
1.4. SCOPE OF THIS STUDY	9
1.4.1. Field of Study	9
1.4.2. Industry Demarcation	9
1.4.3. Limitation of Study	10
1.4.4. Delimitations of this study	10
1.5. RESEARCH METHODOLOGY	10
1.5.1. Literature Review	10
1.5.2. Empirical Research	11
1.5.2.1. Research design	11
1.5.2.2. Study Population and Sample	11
1.5.2.3. Constructing the research instrument	12
1.5.2.4. Collection of Data	13
1.5.2.5. Data Analysis	14
1.6. SIGNIFICANCE OF THIS STUDY	14
1.7. DEFINITIONS	15
1.8. CHAPTER DIVISION	16

CHAPTER 2 : LITERATURE REVIEW	18
2.1. BRANDING	18
2.1.1. Historical Overview and Definition	18
2.1.2. Branding in B2C and B2B environments	19
2.1.3. Brand relevance in B2B markets	23
2.2. CONCEPTS OF BRAND EQUITY AND BRAND VALUE	25
2.2.1. Introduction.....	25
2.2.2. Origins of Brand Equity and Brand Value	28
2.3. CONCEPTUAL FRAMEWORK OF BRAND EQUITY	32
2.3.1. Introduction	32
2.3.2. Corporate and Consumer or Customer-Based Brand Equity	36
2.3.3. Dimensions of Brand Equity.....	36
2.3.3.1. Brand Awareness	38
2.3.3.2. Brand Associations.....	39
2.3.3.3. Perceived Quality	40
2.3.3.4. Brand Loyalty.....	41
2.3.3.5. Brand Strength	43
2.3.4. Brand Equity in B2C Environment.....	44
2.3.5. Brand Equity in B2B Environment.....	44
2.3.6. Measurement of B2B Brand Equity	45
2.4. BRAND VALUE	46
2.4.1. Introduction	46
2.4.2. Measuring Brand Value	50
2.4.2.1. Approaches to Brand Value Measure	50
2.4.2.2. Brand Valuator Models	51
2.4.3. Brand Equity vs. Brand Value	52
2.4.4. The Branding / Brand Equity / Brand Value construct.....	54
2.5. CONCLUSION	55
CHAPTER 3 : RESEARCH FINDINGS AND DISCUSSION.....	56
3.1. INTRODUCTION.....	56
3.2. DEMOGRAPHICS	58
3.2.1. Gender	58
3.2.2. Company Size – Employees	58

3.2.3. Core Business.....	59
3.2.4. Company Size – Turnover	59
3.2.5. Industry Sectors	60
3.3. PRESENTATION OF FINDINGS	62
3.3.1. Importance of branding in B2C and B2B environment.....	62
3.3.2. Focus on branding in B2B environment.....	64
3.3.3. Use of the company name as brand name	66
3.3.4. Importance of B2B branding efforts	68
3.3.5. Commanding a price premium.....	70
3.3.6. Distinguishing between brand equity and brand value	71
3.3.7. Neglecting B2B branding	73
3.3.8. Brand Asset Valuation	75
3.3.9. Perception of Branding	76
3.3.10. Importance of Product and Service Attributes	78
3.3.11. Sources of Branding Information	80
3.4. CONCLUSION	82
CHAPTER 4: CONCLUSIONS AND RECOMMENDATIONS	83
4.1. INTRODUCTION.....	83
4.2. CONCLUSIONS.....	83
4.2.1. Overview.....	83
4.2.2. Brand Equity and Brand Value	83
4.2.3. B2C vs. B2B	84
4.2.4. Brand Asset Valuations	85
4.3. MANAGERIAL IMPLICATIONS	86
4.4. RECOMMENDATIONS FOR FURTHER RESEARCH	87
4.5. SUMMARY.....	87
REFERENCES.....	88
APPENDIX 1: STUDY LEADER’S LETTER TO RESPONDENTS.....	96
APPENDIX 2: INTERVIEW INFORMATION & QUESTIONS	98
APPENDIX 3: BRAND EQUITY vs. BRAND VALUE.....	102
APPENDIX 4: SAMPLE BRAND VALUE CALCULATION	103

LIST OF ABBREVIATIONS

B2B	Business to business
B2C	Business to consumer
BAV	Brand Asset Valuator
ISO	International Standards Organisation
MSI	Marketing Science Institute
WOM	Word of mouth

LIST OF FIGURES

Figure 1-1: Map of Gauteng	5
Figure 1-2: Brandt & Johnsons Brand Equity Model.....	6
Figure 1-3: Conceptual framework of the research paper	7
Figure 1-4: Brand Asset Valuator (Young & Rubicam)	9
Figure 1-5: Chapter lay-out	17
Figure 2-1: A Systems Model of Brand Antecedents and Consequences	24
Figure 2-2: Conceptual Framework of Brand Equity	46
Figure 2-3: The B2B Branding/Brand Equity/Brand Value Construct	54
Figure 3-1: Gender of Respondents	58
Figure 3-2: Company size in terms of Employees	59
Figure 3-3: Core Business: Products and/or Services	59
Figure 3-4: Company size in terms of Turnover	60
Figure 3-5: B2B Industry Involvement	61
Figure 3-6: Supplier Industry Involvement.....	61
Figure 3-7: Customer Industry Involvement	62
Figure 3-8: Importance of Service Attributes: Branding & Technology	78
Figure 3-9: Importance of Service Attributes: Price & Availability	79
Figure 3-10: Importance of Service Attributes: Quality & Delivery Period	79
Figure 3-11: Comparison of all attributes	79

LIST OF TABLES

Table 2-1: Benefits of B2B branding for Suppliers and Buyers	21
Table 2-2: Differences in B2C and B2B environments	22
Table 2-3: Brand Equity and Brand Value proposition	30
Table 2-4: Aspects of Brand Equity	31
Table 2-5: MSI's (1999) Criteria for an Ideal Measure of Brand Equity	31
Table 2-6: Main differences between Brand Equity and Brand Value	53

LIST OF APPENDICES

Appendix 1: Study Leader's Letter to Respondents.....	96
Appendix 2: Interview Information & Questions.....	98
Appendix 3: Brand Equity vs. Brand Value.....	102
Appendix 4: Sample Brand Value Calculation.....	103

CHAPTER 1 : NATURE AND SCOPE OF THE STUDY

1.1. INTRODUCTION

1.1.1. Purpose of the study

The purpose of this study is to trace the origins and consequences of branding and the role it plays in creating brand equity in the context of the South African, specifically the Gauteng B2B (business to business) arena. Even though high premiums are placed on branding strategies to build out B2C (business to consumer) brand equity, B2B branding seems to be less prevalent and other avenues such as pricing wars are aggressively used to market products and gain market position.

The question therefore arises firstly to what extent is branding regarded as important in B2B transactions, and if so, what premium is placed on branding? Secondly does branding affect B2B purchase decisions to the same extent that it affects B2C purchases and are businesses actively involved in branding to the extent that they differentiate themselves from competitors by capturing customer preference and loyalty?

1.1.2. Context of the study

Kotler and Armstrong (2010:260) state outright that brands are more than just names and symbols and have become key elements in companies' relationships with consumers. A brand represents all the perceptions and feelings a consumer might have about the product and its performance.

Randall (2006:1) describes branding as going all the way back to its origins with Norse livestock herders allowing a producer or owner to distinguish his/her goods or services. Branding today is a strategic tool that helps the supplier cut through the morass of the market, get noticed, and connect with the customer on many levels

and in ways that matter.

Industrial marketers have long argued that brands play little role in the decision making process simply because business-to-business buyers are more rational than consumers, thereby limiting the impact of brand messages typically viewed as playing more to emotion and self-expressive desires on behalf of buyers. (Lindgreen, *et al.*, 2010:1223).

In their discussion of branding, Kotler and Pfoertsch (2007:4) point out that apart from the biggest misconceptions that branding is only for consumer products and therefore wasted in B2B, there are also other common misunderstandings and misconceptions related to B2B branding and branding in general. Kotler *et al.* (2007:4) warn especially against the one frequently mentioned branding myth which wrongfully assumes that “brand” is simply a name and a logo.

A powerful brand has high brand equity which is the differential effect that a known brand name has on customer response to the product and its marketing as well as the measure of the brand’s ability to capture consumer preference and loyalty (Raggio, 2006:14). A brand represents a strong and enduring asset, a value driver that literally boosts company success. Hardly any company neglects the importance of brands in B2C, because brands matter (Randall, 2006:1).

It is undeniable that industrial branding is increasingly becoming more important. Microsoft, IBM, General Electric, Intel, HP, Cisco Systems, Dell, Oracle, SAP, Siemens, FedEx, Boeing – all are vivid examples of the fact that some of the world’s strongest brands are B2B brands. The commoditisation of many industrial products as well as growing importance of B2B buying along with Internet sales are adding factors to the importance of B2B branding. (Kotler *et al.*, 2006:2; Van Riel *et al.*, 2005:2).

Randall (2006:1) argues that in order to stay alive and flourish in highly competitive environments, B2B companies spend more time and money on research and development (R&D), focusing on making their products smarter, faster, and smaller, and more cost-effective and reliable, than the competition. They also find ways to improve and add services so that they provide customers with a complete and

satisfying experience. Marketplaces are constantly changing, so companies have to adapt in order to stay ahead. Randall (2006:1) then argues that in order for B2B companies to truly differentiate their offering and be simultaneously relevant to customers over the long-term, B2B must consider branding.

The question therefore arises how can these B2B companies truly differentiate their offering and be relevant to customers over the long-term? This is where brands come in. Brands matter in B2B markets. In fact, they may matter even more in B2B than in B2C.

Jones (2011:101) debates that there is not a single business today that wouldn't benefit from having a stronger brand. Strong brands get the click-through traffic on Google. Strong brands get the walk-up traffic. Strong brands survive the up-and-down nature of the economy and in order for any business owner to remain in business for any length of time, branding needs to be understood and developed.

This view of Jones is echoed in the stern warning given by Gregory and Sexton (2007:1). They report that consumer marketers obsess about brand equity, as well they should, but B2B companies do not always follow suit. Their quantitative, 16-year study of more than 450 firms shows that billions of dollars are locked up in B2B brands, yet managers consistently skimp on brand building – an expensive mistake.

Simon and Sullivan, as quoted by Atilgan *et al.* (2005:237), state that one of the most popular and potentially important marketing concepts which have been extensively discussed by both academicians and practitioners over the past decade is brand equity. One of the reasons for its popularity is its strategic role and importance in gaining competitive advantage and strategic management decisions. Brand equity, when correctly and objectively measured, is the appropriate metric for evaluating the long run impact of marketing decisions.

According to Atilgan *et al.* (2005:237), positive customer-based brand equity can lead to greater revenue, lower costs and higher profits; and it has direct implications for the firm's ability to command higher prices, customers' willingness to seek out new distribution channels, the effectiveness of marketing communications, and the success of brand extensions and licensing opportunities.

Ritson (2010:1) spells out the dangers of negative brand equity and that negative brand equity occurs when a company's brand actually has a negative impact on its business - meaning that the company would be better off with no name at all. Ritson (2010:1) highlights this with an example of Skoda during the nineties when they discovered to their horror that they could not get British consumers to buy Skoda cars despite spending millions on advertising. Consumer research later confirmed that two-thirds of its target market would literally not consider anything at any price that carried the Skoda badge.

1.2. PROBLEM STATEMENT

As stated in the introduction, the purpose of this study is to trace the origins and consequences of branding and the role it plays in creating brand equity specifically in the context of the B2B arena, more specifically business to business in the Gauteng region. (See Figure 1.1: Map of Gauteng). Even though high premiums are placed on branding strategies to build out B2C brand equity, B2B branding seems to be less prevalent and other avenues such as pricing wars are aggressively used to market products and gain market position.

The key issues to be researched and investigated are as follow:

- Do businesses in the B2B environment distinguish between brand equity and brand value?
- If B2B businesses distinguish between brand equity and brand value, how do they (a) perceive and (b) define brand equity and brand value?
- If a clear distinction is recognised between brand equity and brand value, is brand equity used to build brand value in B2B environment?
- To what extent is branding regarded as important in B2B transactions?
- If branding is regarded as important in B2B transactions, what premium is placed on branding?
- Does branding affect B2B purchase decisions to the same extent that it affects B2C purchases and are businesses actively involved in branding to the extent that they differentiate themselves from competitors by capturing

customer preference and loyalty?

Figure 1-1: Map of Gauteng



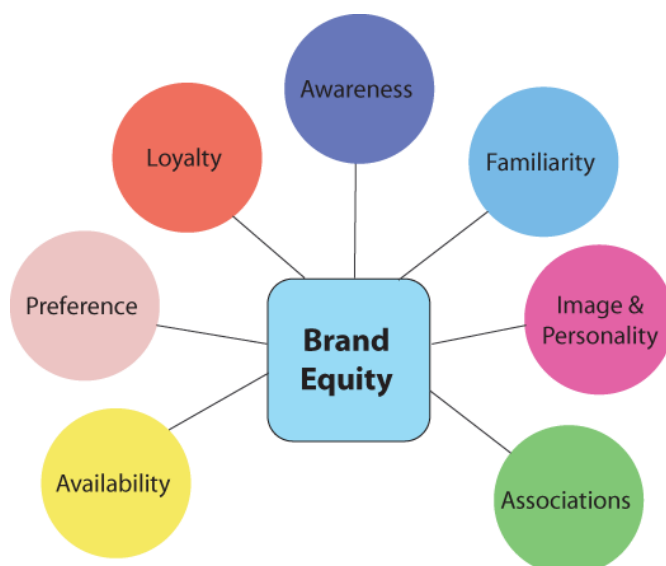
(Source: <http://www.roomsforafrica.com/dest/south-africa/gauteng.jsp> Date of access: 22 Sept. 2012.)

Other related issues to be researched are:

- Opinions and definitions of branding found in literature, e.g.:
 - Kotler and Pfoertsch (2007:4) maintain that branding is much more than just putting a brand name and a logo on a product or service and even though consumers associate “branding” only with brand names, logos, maybe even jingles, forgetting the feelings and associations connected with these products, brands & companies. A brand is:
 - a promise,

- the totality of perceptions – everything you see, hear, read, know, feel, think, etc. – about a product, service, or business,
 - holds a distinctive position in customer’s minds based on past experiences, associations and future expectations,
 - a short-cut of attributes, benefits, beliefs and values that differentiate, reduce complexity, and simplify the decision-making process.
- What are the elements of branding in
 - B2C environment
 - B2B environment
 - Are there elements in B2C and B2B branding environment that bear any clear similarities/differences with each other?
 - Is branding as strong and just as important in B2B environment as it is expected to be found in B2C environment?
 - Furthermore do businesses recognise B2B branding as an intangible, but valuable asset that forms part of the intellectual property of the company.
 - How does branding contribute to brand equity?

Figure 1-2: Brandt & Johnsons Brand Equity Model



Source: http://www.brandchannel.com/papers_review.asp?sp_id=604. Date of access: 22 Jan. 2012.

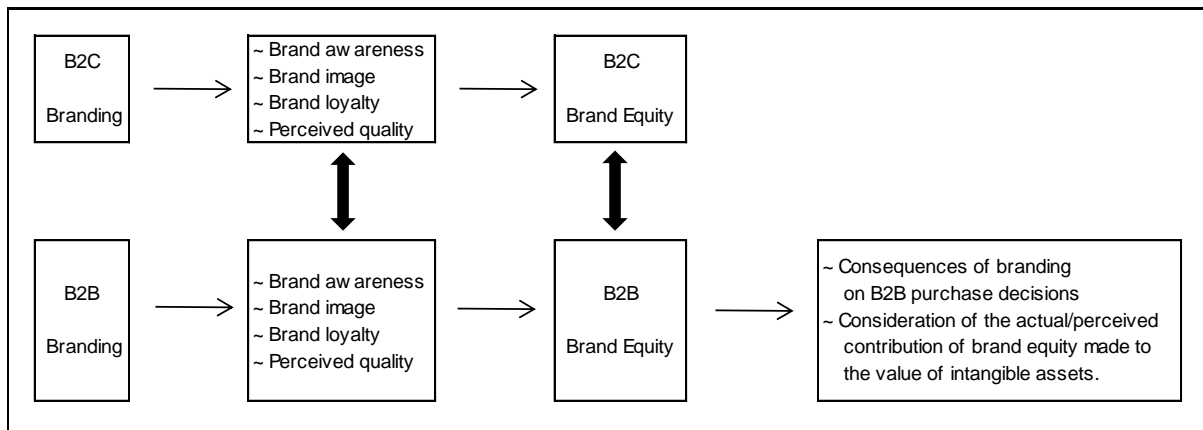
- Consideration of Brand equity models, e.g. the Brandt and Johnson model.

(See Fig. 1.2).

- Is it possible to assess and measure branding and ultimately brand equity as an asset in any way, and;
- What contribution does brand equity make on the company's financial statements?

The conceptual framework of this research is presented in Figure 1.3. below.

Figure 1-3: Conceptual framework of the research paper



1.3. RESEARCH OBJECTIVES

The following primary and secondary objectives were set for this study:

1.3.1. Primary objective

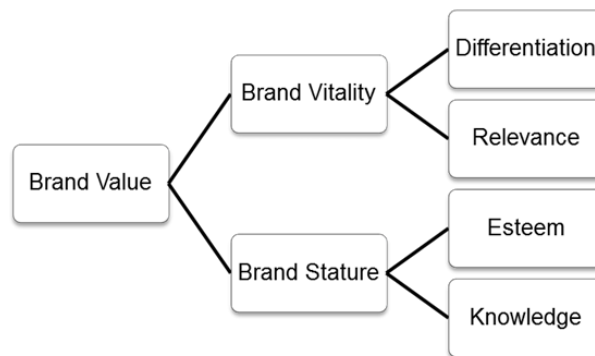
The primary objective was to investigate the importance, creation and measurement of brand equity and brand value in the business-to-business environment.

1.3.2. Secondary Objective

Secondary objectives to be investigated:

- To what extent does literature differentiate between brand equity and brand value in B2B environment
- Is branding considered equally important in industrial environment (B2B) as it is in business-to-consumer (B2C) environment?
- What processes are utilised to create brand equity and brand value?
- What methodologies are followed to measure brand equity and brand value?
- How is brand equity perceived firstly by the company selling goods and secondly by the company buying goods?
- What can be done to assist a company in building brand value?
- To consider and test at least four elements of brand equity when comparing B2C to B2B:
 - brand awareness,
 - brand associations,
 - perceived quality and;
 - brand loyalty
- Are branding strategies used in B2C branding equally successful when applied to B2B branding?
- Are companies making use of brand value assessing models, e.g.
 - Young and Rubicam model (See Fig. 1.4).
 - Elements or base measures included to calculate brand equity, e.g. Familiarity, Quality, Purchase Consideration, Brand Expectations, Distinctiveness and Trust. Comparison of models to determine main differences in the approaches followed by each respective model.

Figure 1-4: Brand Asset Valuator (Young & Rubicam)



Source: http://www.valuebasedmanagement.net/methods_brand_asset_valuator.html

- What branding strategies are required in B2B environment to strengthen its brand?
- Is the brand necessarily the products, or can other factors such as service delivery, relationships and communication strengthen brands and brand equity?

1.4. SCOPE OF THIS STUDY

This section describes the field of study and industry demarcation.

1.4.1. Field of Study

The field of this study falls within the subject of marketing and specifically branding strategies in existing businesses and include terminologies such as brand equity and brand value.

1.4.2. Industry Demarcation

This study is not limited to any specific business in Gauteng, South Africa, but rather takes a view on two specific market segments, namely business to consumer (B2C) and business to business (B2B) segments. B2B businesses involved in this study are either (i) service- and/or (ii) product-oriented businesses.

1.4.3. Limitation of Study

The study has possible location- and industry-specific limitations.

1.4.4. Delimitations of this study

This study assessed branding and brand equity among a few selected South African businesses in Gauteng, although it is impossible to conduct a study that is so comprehensive that it can be regarded as fully representative of the Gauteng B2B industry as a whole.

Furthermore, although this study touches the subject of brand asset valuation, it is neither within the scope of this study to attempt the development of any new brand asset valuation models, nor to attempt to carry out any actual brand asset valuations as such.

This study researched and investigated branding in B2C and B2B environments and how that led to creation of brand value and brand equity. The possible differences and similarities between B2C and B2B branding environments were explored.

1.5. RESEARCH METHODOLOGY

1.5.1. Literature Review

A literature study and research was conducted on the similarities and differences between B2C and B2B branding and how this led up to the creation of brand equity and brand value.

1.5.2. Empirical Research

The empirical research included questionnaires and interviews to gather data and information for assessment.

A few companies that operate in the B2B sector were selected to assess their views and opinions on the issues discussed in literature and theoretical review as measurement of their branding equity.

1.5.2.1. Research design

A qualitative research design was followed in this research and qualitative design as defined by Welman *et al.* (2010:188), theoretically speaking, is more of an approach rather than a particular set or set of techniques and the qualitative approach is also fundamentally a descriptive form of research.

1.5.2.2. Study Population and Sample

Welman *et al.* (2010:204) state that populations in qualitative designs usually consist of a small number of cases and results may be biased and it is therefore recommended that unstructured interviews are conducted by means of purposive or snowball sampling. As further recommended by Welman *et al.* (2010:204) preference was given to key informants who, on account of their position or experience, have more information than regular group members and/or are better able to articulate this information.

This particular study sits squarely in the qualitative camp, including the characteristic selection of a small and informative sample from which data will be collected by way of interviews.

The population for this study includes all companies that conduct business with other businesses on a wholesale basis and are therefore operating within the B2B environment. Retailers engaging in business with end consumers will therefore not qualify to be included in either the population or sample based on their B2C involvement.

The sample has been structured to include:

- ✓ Providers of products and/or services within
 - Mining
 - Steel and engineering
 - Food, specifically egg and meat producing sectors

1.5.2.3. Constructing the research instrument

The research study took the form of either a face-to-face or telephonic interview of about 60 - 90 minutes in duration with a selected sample of senior executives and will be based on responses to the following four over-arching questions:

- ✓ The recognition of brands and branding in the company, operating in the industrial business environment.
- ✓ The nature of the branding and brands in creating brand equity or value for the customer in the process. What strategies the company has adopted to create brand equity.
- ✓ The nature of the branding and brands in creating brand value for the company itself in the process. What strategies the company has adopted to create brand value.
- ✓ To what extent is brand value measured and what methodologies are used to

determine brand value.

1.5.2.4. Collection of Data

Data collection was done as follow:

Secondary research through a literature review of:

- international business literature (mainly journals)

Primary research through empirical fieldwork, including:

- interviews with selected company executives and representatives;
- the open-ended questionnaire as research instrument;

The review of current and international business literature formed the departure point on which the primary research study amongst business executives and representatives was based.

The sampling technique known as purposive sampling was utilised for this research. Purposive sampling is the most important type of non-probability sampling and allows researchers to rely on their experience and ingenuity to deliberately obtain units of analysis in such a manner that the sample they obtain may be regarded as being representative of the relevant population (Welman *et al.*, 2010:69).

It was therefore decided to conduct face-to-face and telephonic interviews with experienced management seniors of selected B2B businesses who have been chosen to participate in the study because of their knowledge of the subject matter and to whom the author could gain direct access.

The interviews were conducted in an unstructured (open-ended) manner in order to allow for the extraction of the greatest possible depth of knowledge and insight from these business representatives. In order to allow the respondents some time to formulate their responses, the open-ended questionnaire was e-mailed to them at the time of setting a date for the planned interview.

The questionnaire was sent out to respondents in advance of the interviews together with a covering letter from the supervisor, as per Appendix 1.

Because the researcher personally conducted the interviews amongst a limited number of respondents, it was felt unnecessary to pre-test the questionnaire. The researcher was able to clarify any queries from respondents during the interview process.

1.5.2.5. Data Analysis

The above results were then interpreted in order to ascertain the degree of convergence among the responses under each heading on the one hand, and to compare the findings to current theory as derived from the literature search on the other.

Statistical analysis of the results from this research study is not practical because of the limited sample of respondents, coupled to the open-ended nature of the unstructured research instrument.

1.6. SIGNIFICANCE OF THIS STUDY

To research and evaluate perceptions of branding and brand equity among businesses in the B2B arena, especially since literature predicts that global companies do not really consider brand equity as valuation tool of company's worth.

The aim of this research is therefore to determine whether B2B businesses within the Gauteng region are worse/equal/or better than B2C businesses, considering inter alia:

- Recognising and utilisation of branding as driver to accelerate company success
- Establishing of brand equity

- Measuring and managing of brand equity to create brand value

1.7. DEFINITIONS

Definitions used as key concepts of this study are as follow:

Branding

- Business Directory (2012:1) defines branding as the process involved in creating a unique name and image for a product in the consumers' mind, mainly through advertising campaigns with a consistent theme. Branding aims to establish a significant and differentiated presence in the market that attracts and retains loyal customers.
- ISO 10668:2010, as quoted by Van Zyl (2011:58), defines a “brand” to be: “a marketing related intangible asset including, but not limited to, names, terms signs, symbols, logos and designs or a combination of these, intended to identify goods, services, entities, or a combination of these, creating distinctive images and associations in the minds of stakeholders, thereby generating economic benefits/values.”

Brand equity

- Moolla (2010:6) states that brand equity refers to the marketing effects or outcomes that accrue to a product with its brand name compared to those that would accrue if the same product did not have the brand name. Brand equity is driven by consumer knowledge.
- Is a measure of the brand’s ability to capture consumer preference and loyalty, as well as goodwill associated with brand name, which adds tangible value to the company through resulting higher sales and profits (Kotler & Armstrong, 2010:260 and Jobber and Fahy, 2009:158).

Brand value

- Wood (2000:663) defines brand value as the potential strategic contributions and benefits that a brand can make to a company. In this definition, brand

value is the resultant form of brand equity or the outcome of consumer-based brand equity.

- Forms part of the core values and characteristics of a brand (Jobber & Fahy, 2009:158).

1.8. CHAPTER DIVISION

The paper is organized as follows. Chapter 2 provides an overview of the literature on branding, brand equity and brand value and its relation with each other. Chapter 3 will concentrate on discussion and interpretation of results and conclusions and recommendations to be discussed in Chapter 4. Figure 1.5 on page 17 gives a visual representation of the outlay of the respective chapters.

CHAPTER 1: INTRODUCTION AND PROBLEM STATEMENT

Apart from the introduction and problem statement, this chapter will also contain:

- Objectives of the study
- Definitions on branding and brand equity
- Methodology of research

CHAPTER 2: LITERATURE REVIEW

Literature and theoretical review:

- Research into B2C and B2B branding approach to investigate possible similarities and differences in the approach to establish product and/or company branding
- Is branding equally important to all.

Research into how B2C and B2B approach to branding ultimately creates brand value / brand equity.

- Possible means of assessing brand equity,
- Consideration of existing brand value assessment models

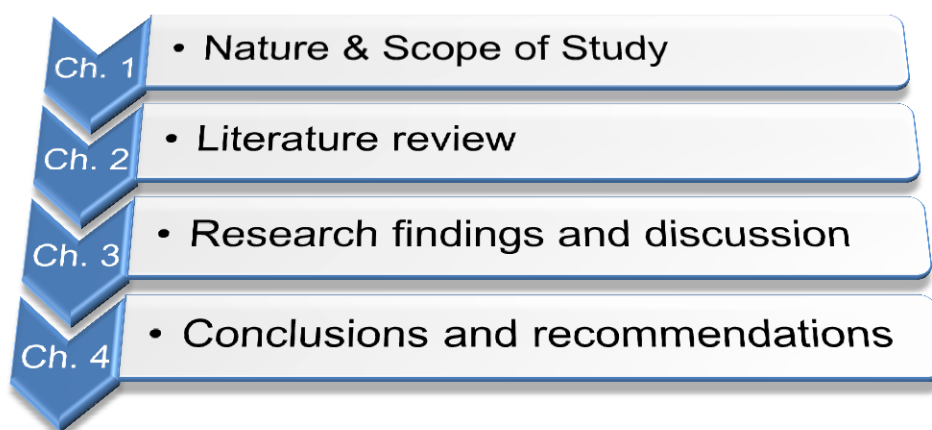
CHAPTER 3: RESEARCH FINDINGS AND DISCUSSION

- Reporting and discussion of empirical results.
- Development of possible hypotheses and structuring of interviews and questionnaires to test findings.
- Explanation of research methodology that will be followed for the purpose of this study.

CHAPTER 4: CONCLUSIONS AND RECOMMENDATIONS

This chapter to contain the evaluation, recommendations, managerial implications & conclusions of the research. This chapter will also include overview of limitations of research, as well as areas for future research.

Figure 1-5: Chapter lay-out



CHAPTER 2 : LITERATURE REVIEW

2.1. BRANDING

2.1.1. Historical Overview and Definition

Hofmeyr and Parton (2006:2) provide a historical view on the word “brand” which goes back to the medieval period in England. “To brand” was to burn with a hot iron, whether for marking or for cauterising. By 1587 it was already being used in a modern sense – i.e., “to mark indelibly, as proof of ownership, a sign of quality” – and by 1602 it was being used in a way which implies a bit of cognitive psychology: “to impress indelibly on one’s memory.” Branding took off as an activity when manufacturing got into full swing in the 19th century. It was a simple way to indicate origins and promise quality.

It is therefore clear that branding has a long history and brand management practices have existed for decades, but brand equity as a central business concept for many organizations has only really emerged in the past twenty years. Even though there is huge interest in branding with a definite predominance of branding in consumer markets, branding in industrial markets has received little attention from academics (Leek & Christodoulides, 2011b:1060). Much of that interest was initially driven by the mergers and acquisitions boom of the 1980’s, where it became apparent that the purchase price paid for many firms largely reflected the value of their brands. The clear implication of these transactions was that brands were crucial for building relationships with consumers assuring long-term business success, but also one of the most important intangible assets of a firm (Leone *et al.*, 2006:126).

In consumer marketing, brands often provide the primary points of differentiation between competitive offerings, and are therefore critical to the success of companies. This leads to the assumption that management of brands needs to be approached strategically (Wood, 2000:662). This is further highlighted by the argument that brands serve several valuable functions. At their most basic level,

brands serve as markers for the offerings of a firm. For customers, brands can simplify choice, promise a particular quality level, reduce risk, and/or engender trust. Brands are built on the product itself, the accompanying marketing activity, and the use (or non-use) by customers as well as others. Brands thus reflect the complete experience that customers have with products (Keller & Lehman, 2004:4). A brand is therefore a bundle of functional, economic and psychological benefits for the end-user. Every brand retains a certain amount of brand equity, defined as the assets or liabilities associated with the brand that add to, or subtract from, the value the product provides. This is reflected in buyers' willingness to pay a premium for a favoured brand in preference to others, recommend it to peers, and give consideration to other company offerings. Brands also play an important role in determining the effectiveness of marketing efforts such as advertising and channel placement (Kuhn *et al.*, 2008:41).

Wood (2000:667) also defines brand as a mechanism for achieving competitive advantage for firms. Brands are strategically positioned in the market by offering benefits that are distinct from competition and that are desired by consumers, thereby achieving competitive advantage.

2.1.2. Branding in B2C and B2B environments

Even though there is huge interest in branding with a definite predominance of branding in business-to-consumer (B2C) markets, the power of branding in industrial or business-to-business (B2B) markets has received little attention from academics (Leek & Christodoulides, 2011:1060) and the nature and importance of branding in business markets are unclear and under-researched (Mudambi, 2002:525). Branding has emerged as a top management priority in the last decade due to the growing realization that brands are one of the most valuable intangible assets that firms have (Keller & Lehman, 2004:2).

There is undoubtedly a significant difference in marketing orientations between companies producing consumer goods versus those producing industrial goods or services. There is also a major theoretical difference in their approach to branding. A

general assumption exists that there is close long-term cooperation (sales orientation) between producers of industrial goods and services and their customers, whereas consumer goods companies focus more on the short-term marketing mix and segmentation models (Ohnemus, 2009:160).

Bendixen (2004:372) states that even though there is a tendency to associate brands with products, there has been a refocus on corporate brands. A strong and favourable corporate brand is seen as an important discriminator in an increasingly competitive environment as the corporate brand offers managers a comprehensive discipline for clarifying, humanizing, organizing, and communicating how the company creates value. It is further argued that in the industrial market environment, the company itself is often the brand; but in consumers markets, the emphasis is usually on the products or a limited group of them. In the industrial environment it is sometimes too expensive for industrial companies to brand every item in their wide product range. For many industrial companies, there is scope for only one brand and that is the company name (Bendixen, 2004:372).

Bendixen (2004:372) also states that industrial buyers are primarily concerned with the company's overall brand identity rather than with the specific product they want to buy.


For most companies in business-to-consumer (B2C) environments, developing and maintaining strong brands is a key element of their marketing strategy. In comparison, companies targeting business customers often put less strategic emphasis on branding. Consequently, according to a brand ranking conducted by Business Week and Interbrand in 2009, only 17 business-to-business (B2B) brands were listed among the 100 most valuable brands worldwide. This low number is particularly surprising given the much larger economic importance of B2B branding relative to B2C transactions (Homburg *et al.*, 2009:201).

Homburg *et al.* (2009:201) draw the attention to an important question that marketing managers in B2B markets face: Have they unjustly neglected branding as a marketing instrument, or do B2B market characteristics prevent brands from being effective? These managers receive little guidance from marketing academia, because previous research has mainly focused on B2C brands. However,

considerable differences between organizational buyers and consumers prevent an easy application of findings from this research stream to a B2B context.

The existence of strong branding (Leek & Christodoulides, 2011:831) creates certain benefits for B2B suppliers and buyers as summarised in Table 2.1 below:

Table 2-1: Benefits of B2B branding for Suppliers and Buyers

Benefits for Buyers	 STRONG B2B BRAND	Benefits for Suppliers
<ul style="list-style-type: none"> • Higher confidence • Risk/uncertainty reduction • Increased satisfaction • Greater comfort • Identification with strong brand 		<ul style="list-style-type: none"> • Quality • Differentiation • Higher demand • Premium price • Brand extension • Distribution power • Barrier to entry • Loyal customers • Customer satisfaction • Referrals

Source: Leek and Christodoulides. (2011:831).

Research has found brands to convey a number of largely intangible benefits, especially where industrial buyers are concerned. As a brand is essentially a summary of associated values it can increase the buyer's confidence in their choice. It increases the level of satisfaction the buyer feels with regard to the purchase and provides comfort and the “feel good” factor. Brands are useful for reducing the level of perceived risk and uncertainty in buying situations. (Leek & Christodoulides, 2011:831).

During the literature research, it became evident that there are several similarities and differences between B2C and B2B branding, even though these can be very subtle. This is illustrated for instance by arguments that it may be that brands function differently in a B2B environment, than they do in B2C markets. The disadvantage for example of applying a B2C brand perspective to B2B brands is that the specialized nature of business marketing and purchasing is sometimes ignored (Glynn, 2012:666). In particular, the role of brands in reducing the perceived risk of a

B2B purchase is likely to be stronger because buyers face two types of risk: organizational risk and personal risk. At the same time, the brands in question are much less likely to provide emotional benefits for the buyers (Homburg *et al.*, 2009:201).

Kuhn *et al.* (2008:41) also acknowledge this subtlety by suggesting that what makes a brand valuable in a B2B context; will differ from that in a consumer environment. These differences as mentioned by Birnbaum (2010:1) and Basich (2010:1) are tabulated in Table 2.2. below.

Table 2-2: Differences in B2C and B2B environments

Differences in B2C and B2B environments	
B2C	B2B
Simple needs, therefore B2C typically involves one person (the customer) making the purchase from one vendor.	Needs are more complex, have extended life cycles, and generally are those of not just the buyer but also the buyer's customers
B2C buyers have fairly simple purchasing needs that don't demand extended support from or relationships with a brand	B2B purchases, on the other hand, are motivated by factors such as business goals, budgets, and vendor relationships
B2C orders are shorter and are less likely to repeat again in the future	B2B marketing concentrates on customer retention and ultimately has a much longer sales process. The lengthy ordering process which takes more time and is more involved
B2C sales are primarily governed by emotions and basic human needs such as sustenance, shelter, and comfort. Brand recognition and loyalty play a key part on the success of the sale	B2B sales are driven by facts and numbers. Because of the slower sales cycle (often taking months or even years) B2B sales can potentially be worth millions of dollars
B2C products are generally not customizable and are more readily available for instant purchase.	B2B primarily focuses on customizable products or items that can be configured. Recipients in a B2B may never have heard of the company they're ordering from, so brand loyalty generally isn't a manageable factor.
Tied right in to the emotional and simplistic aspects of B2C buyer needs is the generality of those needs. Personal, emotional needs are rarely obscure — they're part of the human condition and encounter by all consumers. That means the marketplace that appeals to those needs is large and generalized	Business goals are often so individualized and specific that the various products needed to help organizations reach those goals need to be just as tailored. That fact means that many B2B vendors exist in a small, incredibly niche marketplace.
Personal risk only.	Personal and organisational risk.

(Source: Birnbaum, 2010:1 and Basich, 2010:1).

2.1.3. Brand relevance in B2B markets

Backhaus *et al.* (2011:1082) contend that well-known consumer brands, such as Coca-Cola and Apple, and many business-to-business (B2B) brands, including IBM, Intel, General Electric, Cisco, Oracle, and SAP, are among the world's most valuable brands. Brands are therefore relevant not only in business-to-consumer (B2C) markets, but also in B2B markets and therefore brand relevance is interpreted as the overall role of brands in customers' decision making.

Backhaus *et al.* (2011:1083) stress brand relevance in B2B markets for the following reasons:

- First, the relevance of brands might differ across product categories in B2B markets.
- Second, companies that invest to build their brands in categories with low brand relevance levels are likely wasting their money; these investments are unlikely to generate the expected financial returns. Significant brand investments are not a sensible strategy for just any product category and brand relevance measures can help firms prioritize their investment allocations. Customers in high brand relevance categories should exhibit a higher brand-related willingness to pay and greater loyalty to their preferred brand.
- Third, brand relevance relates to brand equity, in that only brands that influence decision making can be strong brands. It is therefore a worthwhile goal to consider typical drivers of brand relevance.

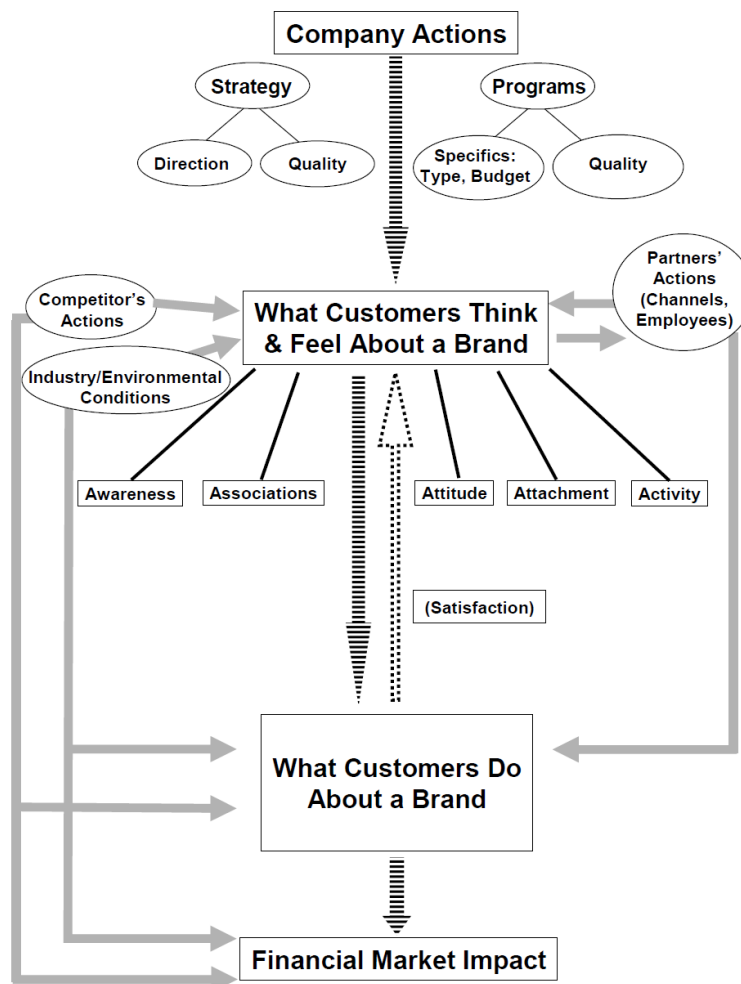
The relevance of branding in B2B contexts differs considerably for various customers and Mudambi (2002:525) notes that it depends on customer and purchase characteristics and defines three customer clusters:

- highly tangible,
- branding-receptive, and
- low-interest.

Members of the first group pay close attention to price and physical products and care little about intangible attributes such as brands; those in the last group do not care about any of these attributes. Only the brand-receptive group pays significant attention to branding (Mudambi, 2002:525).

Even though Keller and Lehman's (2004:55) "Systems Model of Brand Antecedents and Consequences", (Figure 2.1) was developed to illustrate how brand equity operates, as well as to develop estimates of the various cause-and-effects links within it, it also illustrates the influence and impact of branding relevance.

Figure 2-1: A Systems Model of Brand Antecedents and Consequences



Source: Keller and Lehman (2004:55)

The model illustrates how branding is created by a company, how it is perceived by the customers and how they react on the branding. If the brand-receptive group pays significant attention to the branding, the brand starts to develop relevance and customers (either B2C or B2B) will react to it by either ignore it or develop and exhibit a willingness to pay more for the new preferred brand (Backhaus *et al.*, 2011:1083). It is also important to note that a brand is broadly defined as all the expectations and associations evoked from experience with a company or its offerings (Moolla, 2010:82). Logos, taglines, advertising jingles, spokespeople or packaging are merely the representation of the brand (Whisman, 2009:367). The actual brand is how customers think and feel about what the business, product or service does (Raggio, 2006:52).

Bendixen *et al.* (2004:372) remark that it would be expensive for industrial companies to brand every item in their wide product range. For many industrial companies, there is scope for only one brand and that is the company name and therefore industrial buyers are primarily concerned with a company's overall brand identity rather than with the specific product they want to buy.

2.2. CONCEPTS OF BRAND EQUITY AND BRAND VALUE

2.2.1. Introduction

In earlier literature, authors still used the terms brand equity and brand value interchangeably, for example Cobb-Walgren *et al.*, (1995:27): "How exactly is brand value created? There is broad-based agreement that one of the major contributors to brand equity is advertising."

Another example is the research done by Dimitrov (2008:9 & 72) and the concepts are also referred to without clear distinction: "brand equity or brand value is something that is present in the mind of the customers and can be measured at the customer."

Keller (2008:130) states that brand equity needs to be distinguished from brand

valuation; that is the job of estimating the total financial value of the brand, because with well-known companies, brand value can exceed as much as one half of the total company market capitalisation.

Literature suggests that brand equity resides within the hearts and minds of consumers and therefore represents what the brand means to the consumer and brand value represents what the brand means to a focal company. It is regarded as a market-based intangible asset and refers to the preference customers display for a selected brand among seemingly similar products and their willingness to pay a premium price for it (Anon., 2012:39). The relationship between the concepts of brand value and brand equity should be considered where it is argued that brand value concerns the study of how value is created, whereas equity is concerned with the measurement of this value (Jones, 2008:44). Two features of brand value are highlighted that distinguish it from customer equity. First, brand value considers profit from all sources, whether or not they are directly related to customers (e.g. licensing, patents, tax incentives and attractive loan rates), and not only contribution. Secondly, both current and appropriable brand values are considered. Current value is based on projected profits that would accrue to the current owners assuming existing strategy, capabilities and resources. Appropriable value is based on projected profits that would accrue to a firm that fully leveraged the existing brand equity (Raggio, 2006:26 & 28).

Leek and Christodoulides (2011:2) argue that brand value in a B2B context facilitates the progression from goods and services value, which is predominantly associated with functional benefits to relationship value, which is closely associated with emotional needs. Brand value encompasses the value of goods and services and also some added values (functional and emotional) resulting from the brand name.

Kotler (2003:422) asserts that it is imperative to differentiate between brand equity and brand value, where the latter estimates “the total financial value of the brand”. Brand value refers to the benefits that result from leveraging brand strength in order to obtain advanced current and future profits. Brand strength is based on customers’ actions and perceptions towards a brand that has a differential advantage to them.

The first of these is often called brand valuation or brand value, and is the meaning

generally adopted by financial accountants. The concept of measuring the consumers' level of attachment to a brand can be called brand strength (synonymous with brand loyalty). The third could be called brand image, also referred to as brand description. When marketers use the term "brand equity" they tend to mean brand description or brand strength. Brand strength and brand description are sometimes referred to as "consumer brand equity" to distinguish them from the asset valuation meaning (Wood, 2000:662).

Raggio (2006:ii) also proposes a new framework, firstly for brand equity, conceived of as an intrapersonal construct that moderates the impact of marketing activities, and secondly, brand value, which is the sale or replacement value of a brand. Such a distinction is important because, from a managerial perspective, the ultimate goal of brand equity research should be to understand how to leverage equity to create value.

Raggio (2006:24) also demonstrates that brand equity and brand value is not always necessarily positively related. This is done by considering the decision by Lee jeans to increase its distribution by agreeing to sell its jeans at Wal-Mart. *Ceteris paribus*, Lee will be able to generate higher revenues than it did previously, and consequently the Lee brand may have a higher valuation. But it does not follow that the brand equity for Lee jeans must have increased. The impact on Lee's image of selling its jeans at Wal-Mart may result in decreased brand equity at the same time that brand value is increasing due to the very fact that it is sold at Wal-Mart.

Raggio (2006:25) illustrates the relationship between brand equity and brand value further with the \$1.7 billion purchase of Snapple¹ by Quaker Oats in 1994. Quaker Oats' distribution strength was in supermarkets and drug stores, not the smaller convenience stores and gas stations that comprised more than half of Snapple's sales. Because Quaker Oats was unable to significantly increase the supermarket and drug store sales to compensate for lost smaller convenience stores and gas stations, Quaker was forced to sell Snapple for a mere \$300 million only three years later. In this case, Snapple's brand value decreased enormously over the three years that Quaker Oats owned it, but this says nothing about Snapple's brand equity which easily could have stayed the same over this time period. Basically, neither of these

¹ Snapple is an American brand of tea and juice drinks.

purchase prices provides any information about the magnitude or movement of Snapple's brand equity.

Wood (2000:663) defines brand value (one form of brand equity) as the potential strategic contributions and benefits that a brand can make to a company. In this definition, brand value is the resultant form of brand, or the outcome of consumer-based brand equity. Wood (2000:664) also argues that brand value measurements could be used as an indicator of market power and even suggests that brand value can be replaced by the term "competitive advantage".

2.2.2. Origins of Brand Equity and Brand Value

Marketing literature attempted to define the relationship between customers and brands, which led to the coining of the term "brand equity". The concept of brand equity has been debated both in the accounting and marketing literatures, and has highlighted the importance of having a long-term focus within brand management. Although there have been significant moves by companies to be strategic in the way that brands are managed, a lack of common terminology and philosophy within and between disciplines persists and may hinder communication (Wood, 2000:662).

Nel *et al.* (2009:16) define brand value as the estimated economic profit that the brand can generate in the future. Kotler (2003:422) adds that it is imperative to differentiate between brand equity and brand value, where the latter estimates "the total financial value of the brand". Brand value refers to the benefits that result from leveraging brand strength in order to obtain advanced current and future profits. Brand strength is based on customers' actions and perceptions towards a brand that has a differential advantage to them.

Brand value is created with higher market shares, greater price premiums, and more elastic responses to price decreases and inelastic responses to price increases (Bourbab & Boukili, 2008:50).

Sinha *et al.*, (2008:3) define brand equity as a set of assets, namely brand associations, brand awareness, brand loyalty, perceived quality and organizational

associations that add or subtract value from a product or service. Hence, brand equity assets can help consumers to interpret, process and store information as well as affect their confidence in the purchase decision. These assets can be regarded as the sub-components of brand equity.

Wood (2000:662) debates that brand equity, like the concepts of brand and added value, has proliferated into multiple meanings. Accountants tend to define brand equity differently from marketers, with relationship between customer and brand (consumer-oriented definitions), or as something that accrues to the brand owner (company-oriented definitions). Feldwick, as quoted by Wood (2000:662) simplifies the variety of approaches, by providing a classification of the different meanings of brand equity as:

- the total value of a brand as a separable asset \pm when it is sold, or included on a balance sheet; .
- a measure of the strength of consumers' attachment to a brand; a description of the associations and
- beliefs the consumer has about the brand.

The first of these is often called brand valuation or brand value, and is the meaning generally adopted by financial accountants. The concept of measuring the consumers' level of attachment to a brand can be called brand strength (synonymous with brand loyalty). The third could be called brand image, though Feldwick (as quoted by Wood, 2000:662) used the term brand description. When marketers use the term "brand equity" they tend to mean brand description or brand strength. Brand strength and brand description are sometimes referred to as "consumer brand equity" to distinguish them from the asset valuation meaning.

In turn, Yoo and Donthu (2001:2) describe brand equity as having many definitions and forms, such as favourable impressions, attitudinal dispositions, and behavioural predilections; brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand; brand knowledge such as brand awareness and brand associations; loyalty and image; the added value endowed by the brand name; incremental utility; the difference between overall brand preference and multi-attributed preference based on objectively measured attribute levels; and overall

quality and choice intention.

Table 2-3: Brand Equity and Brand Value proposition

1.	Brand Equity and Brand Value are different constructs. Brand Value is a larger construct that subsumes Brand Equity.
2.	Brand Equity is what the brand means to the consumer; Brand Value is what the brand means to the company.
3.	Brand Equity exists regardless of the owner of the brand and we should be able to measure it objectively.
4.	Brand Value is the total impact of a brand on the financial outlook of a company.
5.	Brand Value is subjective; varies according to who is doing the valuing (e.g., current owner, potential buyer, investor, etc.), and (in the case of owners) their capabilities and resources.
6.	Changes in Brand Equity should impact brand value, but brand value may change without any impact on Brand Equity.
7.	If a brand has no equity (which is almost impossible), it will still have value to the company that owns it; the issue is incremental value over another (or no) brand name.
8.	The consumer-level financial impact of Brand Equity should be measured as “willingness to pay.”

Source: Raggio, 2006:27.

Quarles (2012:1) states that brand equity is the essential lever of profitability because it represents the value of the brand in the marketplace, independent of added features and lower price (both of which cost the company money). Brands with strong brand equity can:

- Command premium prices
- Capture and maintain market share
- Support new line extensions
- Attract investors
- Fend off new competitors

Very strong brand equity can make a brand nearly impervious to competition. Also see brand equity and brand value propositions in Table 2.3.

Many researchers define brand equity in terms of a “list”. This can be tabulated as follow: (Adapted: Keller & Lehman, 2004:14):

Table 2-4: Aspects of Brand Equity

Aspects of brand equity	Parameters
Awareness	<ul style="list-style-type: none"> • first mention • unaided, • aided
Associations – characteristics or attributes	<ul style="list-style-type: none"> • differentiation, • relevance, • popularity, • quality, • trust, • value, • price sensitivity
Relationship	<ul style="list-style-type: none"> • loyalty, • commitment
Behaviour	<ul style="list-style-type: none"> • Recommendation/word of mouth (WOM) • share of wallet, • Repurchase rate.

In 1999, leading researchers and practitioners participated in a workshop on brand equity metrics (MSI 1999) and developed the 10 criteria for an ideal measure of brand equity listed in Table 2.5:

Table 2-5: MSI's (1999) Criteria for an Ideal Measure of Brand Equity

1. Grounded in theory.
2. Complete, i.e., encompassing all the facets of brand equity, yet distinct from other concepts.
3. Diagnostic, i.e., able to flag downturns or improvements in the brand's value and provide insights into the reasons for the change.
4. Able to capture future potential in terms of future revenue stream and brand extendibility.
5. Objective, so that different people computing the measure would obtain the same value.
6. Based on readily available data, so that it can be monitored on a regular basis for multiple brands in multiple product categories.
7. A single number to enable easy tracking and communication.
8. Intuitive and credible to senior management.

9. Robust, reliable, and stable over time, yet able to reflect real changes in brand health.

10. Validated against other equity measures and constructs that are theoretically associated with brand equity.

Source: Raggio, 2006:4.

Raggio (2006:5) remarks that although no single measure is likely to meet all these criteria, he believes that the primary obstacle preventing further development of managerially useful brand equity measures and tools is the lack of a theoretical foundation for the concept of brand equity, as well as a clear distinction between brand equity and brand value.

2.3. CONCEPTUAL FRAMEWORK OF BRAND EQUITY

2.3.1. Introduction

Erdem *et al.* (1999:211), argues that if brand equity represents what a brand owns of the customer's mind, no brand is likely to own the same part of all customers' minds. Similarly, consumers' awareness and perceptions of the brand's competitors will also vary across consumers. In other words, if brand equity refers to the power of the brand in the marketplace, one must understand how that power varies across market.

Sinha *et al.* (2008:6) conceptualise brand equity as a set of assets, namely brand associations, brand awareness, brand loyalty, perceived quality and organizational associations, that add or subtract value from a product or service. Other related definitions are the “incremental utility associated with a brand name which is not captured by functional attributes” and “added value endowed by the brand”.

Van Riel *et al.* (2000:4) argue that customer based brand equity is said to exist in several interrelated dimensions: brand awareness, brand quality, brand associations and brand. While several of these dimensions appear directly transferable to industrial branding, others appear irrelevant. Brand awareness, i.e. the ability to recognize, or recall, that a brand is a member of a certain product category appears

very important in industrial branding. This is because often large numbers of alternative suppliers and products must be considered and compared. Brand awareness thus reflects the ability to identify the brand under conditions of complexity and time pressure. Furthermore, perceived brand quality, i.e., a perception of the overall quality or superiority of a brand relative to alternative products, also seems an important indicator of industrial brand equity. Brand associations, reflecting non-product related associations evoked by the brand, play an important role in consumer branding and the facilitation of brand extensions. Van Riel *et al.* (2000:5) are however of opinion that industrial brands are rarely if ever used to evoke non-product related associations and therefore brand associations were not considered in their study.

In their study of brand equity, Van Riel *et al.* (2005:842) proposed brand loyalty as an outcome, rather than a dimension of brand equity and explored brand equity from the customer's perspective, conceptualizing it as a customer-based construct comprised of two dimensions: product brand equity and corporate brand equity. They proposed product brand equity as the outcome of attributes of the physical product and distribution, whereas corporate brand equity was the outcome of attributes of customer service and personnel. Not surprisingly, they found a strong, positive correlation between product brand equity and corporate brand equity (Van Riel, *et al.*, 2005:843). Similar to previous research, corporate brand equity (i.e., brand equity associated with the firm) had a greater effect on brand loyalty than product brand equity did. They concluded that as B2B marketers invest in various marketing mix components in support of a brand, they create brand awareness and a brand image, which result in brand equity (Van Riel *et al.*, 2005:845).

Brand equity provides value to the organisation through effective marketing efforts, pricing margins, brand extensions, trade leverages and competitive advantage. Customers who become brand loyal will repeatedly purchase the organisation's products and will in turn strengthen the financial stability (increased cash flow) of the organisation (Yoo *et al.*, 2000:196).

Nel *et al.* (2009:17) states that the "Brand Equity Ten" as proposed by Aaker is a

measurement of brand equity, which consists of:

- ✓ brand loyalty
 - price premium and
 - satisfaction
- ✓ perceived quality
 - perceived quality and
 - leadership/popularity
- ✓ brand associations
 - perceived value,
 - brand personality and
 - organisational associations
- ✓ brand awareness and market behaviour measures
 - market share,
 - market price and
 - distribution coverage

Brand equity provides value to the organisation through effective marketing efforts, pricing margins, brand extensions, trade leverages and competitive advantage. Customers who become brand loyal will repeatedly purchase the organisation's products and will in turn strengthen the financial stability (increased cash flow) of the organisation (Yoo *et al.*, 2000:196).

Leone *et al.* (2006:126) highlights the many different academic and industry models of branding and brand equity which have been proposed in recent years. These models share certain basic premises about brand equity: The power of a brand lies in the minds of consumers and what they have experienced, learned, and felt about the brand over time; brand equity can be thought of as the "added value" endowed to a product in the thoughts, words, and actions of consumers; there are many different ways that this added value can be created for a brand; and there are also many different ways the value of a brand can be manifested or exploited to benefit the firm (i.e., in terms of greater revenue and/or lower costs).

Yoo and Donthu (2001:2) state that brand equity has many definitions and forms, such as favourable impressions, attitudinal dispositions, and behavioural

predilections; brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets ; brand knowledge such as brand awareness and brand associations); loyalty and image; the added value endowed by the brand name; incremental utility; the difference between overall brand preference and multi-attributed preference based on objectively measured attribute levels; and overall quality and choice intention. One important consensus among the definitions is that brand equity is the incremental value of a product due to the brand name.

Yoo and Donthu (2001:2) argue that brand equity collectively consists of four dimensions: brand loyalty, brand awareness, perceived quality of brand, and brand associations. These dimensions may then be used to explore the findings of marketing and consumer behaviour research in relation to brand and consequently led to the development of a brand equity measure that capitalizes on these dimensions.

Raggio (2006:26) suggests that brand equity represents what the brand means to the consumer and brand value represents what the brand means to a focal company. Consequently brand equity and brand value represent not only a distinct constructs, but also unique perspectives. Separating the two constructs will encourage researchers to demonstrate the ways that brand equity contributes to brand value and how both can be increased.

Research done by Zhu (2009:7) also focuses on brand equity drivers, consumer-based brand equity and brand portfolio management respectively. He then concludes that the examination of these elements and their association with brand market performance enriches the understanding on how brand value is created and strengthened.

Brand equity is determined largely by how well a brand is recognised and subsequently favoured over its competitors (Steingold, 2012:1).

Tong (2006:135) highlights the significant inter-correlation that exists among the four main dimensions of brand equity: perceived high product quality as positively related to brand association and brand loyalty; brand awareness as positively related to other three brand equity dimensions (perceived quality, brand association, and brand

loyalty); and brand association as positively related to brand loyalty.

2.3.2. Corporate and Consumer or Customer-Based Brand Equity

Washburn and Plank (2002:46) maintain that the term customer-based brand equity refers to the differential effect of brand knowledge on consumer response to the marketing of the brand. As such, one way to examine brand equity is from the perspective of the customer and is based in the customer's knowledge, familiarity, and associations with respect to the brand. On the opposite hand is brand equity that emanates from the viewpoint of the marketing organization and focuses on the asset value of the brand in the marketplace.

Erdem and Swait (1998:133) suggest that consumer-based equity is not always necessarily associated only with “high-quality” products. It rather hinges on the credibility of the quality claims, irrespective of high- or medium-quality positioning. They use an example of a travel agency and the vacation packages they have on offer. Equity ascribed to such a travel agency will not be derived from the high quality of its vacation packages, but rather derived from credible information that the agency conveys to consumers about the characteristics of its vacation packages, i.e. budget family vacation to enjoy the sun and the sea.

Yoo and Donthu (2001:1) use a consumer-based behavioural view of brand equity, and define brand equity as consumers' different response between a focal brand and an unbranded product when both have the same level of marketing stimuli and product attributes. The difference in consumer response may be attributed to the brand name and demonstrates the effects of the long-term marketing invested into the brand.

2.3.3. Dimensions of Brand Equity

Initially two main schools of thinking evolved regarding the dimensions or sources of brand equity. In 1991 Aaker identified four dimensions to brand equity, namely brand

awareness, brand associations, perceived quality of brand and brand loyalty. Keller (1993), on the other hand, proposed a combination brand equity sources into only two dimensions, namely brand awareness and brand image (Bendixen *et al.*, 2008:37; Yoo & Donthu, 2001:3).

Lee *et al.* (2008:1092) argue that brand equity is a multi-dimensional concept and suggest various options for measuring its dimensions – some include brand loyalty and brand association, but also brand knowledge, which comprises of brand awareness and brand image.

It is suggested in literature that perceived quality, brand loyalty and brand awareness have a strong brand association. Among the brand equity assets, it is very difficult to manipulate a consumer's perception of brand association in an experiment, apart from the fact that proprietary brand assets, such as patents, are not easy to measure (Lee *et al.*, 2008:1092).

Drivers identified in previous studies were: physical product attributes, distribution services (ordering and delivery), and support services. Because the performance and perceived quality of products are crucial in an industrial context, overall satisfaction with the product will be the main driver of product brand equity (Van Riel *et al.*, 2005:843).

Wood (2000:664) mentions the competitive advantage of firms that have brands with high equity includes the opportunity for successful extensions, resilience against competitors' promotional pressures, and creation of barriers to competitive entry.

Buil *et al.* (2011:4) developed a framework that depicts the evolution of brand equity as a consumer learning process: consumers' awareness of the brand leads to attitudes (e.g., perceived quality and brand associations), which in turn will influence attitudinal brand loyalty. The process of building brand equity begins with increasing brand awareness. Consumers must first be aware of a brand to later have a set of brand associations. Brand awareness affects the formation and the strength of brand associations, including perceived quality. Buil *et al.* (2011:4) regards brand awareness as an important antecedent to brand associations and perceived quality and when consumers acquire a more positive perception of a brand, loyalty results.

As such, brand associations and perceived quality are the preceding step leading up to brand loyalty. Thus, high levels of perceived quality and positive associations can enhance brand loyalty.

2.3.3.1. Brand Awareness

Atilgan *et al.* (2005:241) stress the importance that brand awareness plays in the role of consumer decision making by creating three advantages; these are learning advantages, consideration advantages, and choice advantages. Customer-based brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favourable, and unique brand associations in memory. Brand awareness has a significant direct effect on brand equity.

Brand associations, with high brand awareness as a consequence, are favourably related to brand equity as they signal quality and commitment, and will assist in customer decision making (Yoo *et al.*, 2000:196).

Chen *et al.* (2011:1235) remark that in many B2B markets brand name is often the company name and a growing number of alternative suppliers can provide similar products to their industrial buyers. Therefore, how to create an effective brand name that embodies unique values to aid the customer in recognizing and recalling the supplier and the product has recently become important to industrial firms. In addition, recent research shows that a brand name and brand awareness explain a significant amount of the variance in brand equity in industrial firms.

Anon. (2012:39) regards brand awareness as the strength of a brand's presence in consumer minds and is measured by recognition and recall. It signals substance and commitment and creates an anchor to which the organisation can attach other brand associations.

2.3.3.2. Brand Associations

Brand association refers to the attributes that consumers associate with the brand, provides a reason to buy and creates positive attitudes and feelings and may lead to brand extensions, additional channel relationships and patents attached to the brand. Strong, favourable, and unique brand associations are regarded as essential sources of brand equity to drive customer behaviour. The marketing advantages that result from the differential effects include improved perceptions of product performance; greater loyalty; less vulnerability to competitive marketing actions and crises; larger margins; more elastic (inelastic) customer responses to price decreases (increases); greater trade cooperation and support; and, ultimately, an ability to negotiate a lower cost of distribution, increased marketing communication effectiveness, and expanded growth opportunities from brand extensions and licenses (Leone *et al.*, 2006:126; Anon., 2012:39).

Van Riel *et al.* (2000:5) mention that brand associations are reflections of non-product related associations evoked by the brand which plays an important role in B2C consumer branding and the facilitation of brand extensions, but then argue that industrial or B2B brands are rarely if ever used to evoke non-product related associations. This is contradictory to the argument made by Kuhn *et al.* (2008:42) when functional attributes of B2B brand associations are listed as:

- primary ingredients and supplementary features;
- product reliability, durability and serviceability;
- service effectiveness, efficiency and empathy;
- style and design; and
- price.

Consequently, the research done by Kuhn *et al.* (2008:46) reveals that most of the respondents regarded product performance as the most important attribute in B2B brand associations and thereby highlighting the importance of brand associations in the B2B environment. This is further supported by the statement (Moolla, 2010:46) that the underlying value of a brand name often is its set of associations and its meaning to people and as such represents the bases for purchase decisions and for

brand loyalty. Associations create value to the customer in the form of:

- helping to process;
- retrieve information about a brand;
- generating a reason to buy; and
- creating positive attitudes or feelings.

2.3.3.3. Perceived Quality

Perceived quality is the reason why customers buy and are willing to pay a premium for a brand based on differentiation and positioning and assists organisations with extensions and the ability to demand premium prices. It has also been defined as customers' perception of the overall quality or superiority of a product or service relative to relevant alternatives and with respect to its intended purpose. Thus perceived quality is a global assessment based on customer perceptions of what constitutes a quality product and how well the brand rate on those dimensions. Achieving a satisfactory level of perceived quality has become more difficult as continual product improvements over the years have led to heightened consumer expectations regarding the quality of products. Perceived quality is primarily a perception by customers. It thus differs from several related concepts, such as:

- actual or objective quality;
- product-based quality; and
- manufacturing quality (Bendixen *et al.*, 2004:378; Bourbab & Boukili, 2008:35; Anon., 2012:39).

Bendixen *et al.* (2004:378) state that perceived quality cannot necessarily be objectively determined, partly because it is a perception and also because judgments about what is important to customers are involved. Perceived quality is an intangible, overall feeling about a brand. However, it will usually be based on underlying dimensions, which include characteristics of the products to which the brand is attached such as reliability and performance.

Perceived quality is an association at the core of brand equity and has been shown

to be associated with price premiums, price elasticity, brand usage and stock return (Dimitrov, 2008:12).

In their conclusions about perceived quality, Bendixen *et al.* (2004:379) assert firstly that a quality claim may be effective only if can be substantiated, therefore industrial marketers have to make sure their efforts to build a positive brand image are not torn down by poor quality. Secondly, to create a quality product is not enough - industrial marketers have to translate quality into perceived quality. This is complicated by the fact that industrial customers deliberately make it difficult for suppliers to determine who is actually making the buying decision. Therefore, industrial marketers must create a positive image to all stakeholders that come into contact with the company.

Perceived quality is defined as the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. A customer's judgement of quality is influenced by personal experiences, needs and consumption situations. When customers have a long-term relationship with the brand, high perceived quality leads to brand differentiation and superiority, resulting in the purchase of one brand over another, and the subsequent repurchase of that brand. Therefore, brand equity will increase when customers perceive brand quality (Nel *et al.*, 2009:19; Yoo *et al.*, 2000:197).

2.3.3.4. Brand Loyalty

Brand loyalty is the general willingness of customers to repurchase a preferred product or service consistently in the future, thereby causing repetitive same-brand purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour. Brand loyalty reduces marketing cost, attracts new customers and in times of competitive threats allows the organisation time to respond (Bruer, 2006:52; Anon., 2012:39.)

Bruer (2006:52) further provides a conceptual definition of brand loyalty using a set of six necessary and collectively sufficient conditions. These are that brand loyalty is:

1. the biased (i.e. non-random),

2. behavioural response (i.e., purchase),
3. expressed over time,
4. by some decision-making unit,
5. with respect to one or more alternative brands out of a set of such
6. brands, and
7. a function of psychological (decision-making, evaluative) processes.

Even though the definitions of brand loyalty in the literature are numerous and vary considerably, there is a commonality among them all: brand loyalty is built over time through a collection of positive experiences that requires consistent effort and attention to detail. Commitment to the brand is often reflected in consumers' purchasing habits as they choose a brand or company without even considering other options. Consumers buy more, and they buy more regularly, and they frequently recommend the brand to others (Bruer, 2006:52; Moolla, 2010:21).

A distinct advantage of a successful differentiation strategy allows for products to command brand loyalty and a corresponding reduction in price sensitivity – both helping to overcome the pressures of competitive rivalry. Unique attributes and brand loyalty also create barriers to entry for firms wanting to compete with like or substitute products. As mentioned, consumers are not as sensitive to price when loyal to a differentiated product, it is therefore possible avoid the need for a low-cost position (Bruer, 2006:21).

Scott-Morton and Zettermeyer (2004:164) stress the importance of brand loyalty as a major focus of strategic marketing planning and consequently offer an important basis for developing a sustainable competitive advantage that can be realised through marketing efforts.

Brand loyalty is the ultimate goal a company sets for a branded product. It cannot be questioned that the success of a firm depends largely on its ability to attract consumers towards its brands. Brand loyalty is critical for the sustainability and survival of a company as it is regarded as a general willingness of customers to repurchase the same brand. Brand loyalty reduces marketing cost, attracts new customers and in times of competitive threats allows the organisation time to respond. It is further maintained that brand loyalty is the ultimate goal a company

sets for a branded product and the success of a firm depends undeniably on its ability to attract consumers towards its brands. Brand loyalty is therefore critical for the sustainability and survival of a company (Anon., 2012:39; Moolla, 2010:83).

2.3.3.5. Brand Strength

Cobb-Walgren *et al.* (1995:29) define brand strength as a combination of leadership, stability, trading environment, internationality, on-going direction, communication support, and legal protection.

Raggio (2006:22) argues that brand strength gets at the consumer effects and is consistent with customer-based brand equity; brand value gets at the financial valuation of a brand, which can be thought of as the sale or replacement value of a brand.

According to Johansson *et al.* (2012:9) brand strength involves several factors:

1. leadership - the brand's ability to dominate a market (positive factor);
2. stability - assessing how long the brand has been established (positive factor);
3. market volatility - accounting for the risk of new technology and low entry barriers (negative factor);
4. reach - the geographic spread of brand sales (positive factor);
5. trend - capturing the upward/downward trajectory of the brand;
6. support - assessing the consistency of marketing support (positive factor); and
7. legal protection - dealing with the firm's problems in protecting the brand name across markets (negative factor).

These factors are combined according to the percentage weights in a brand strength index, which is used to derive a discount factor for projected future earnings. A strong brand with a high index score will yield strong future earnings and thus have a small discount rate (around the 5% typical of a low-risk investment). A weaker brand will have a higher discount rate, reflecting the higher risk associated with its future earnings. The resulting net present value for each brand produces its Interbrand

score and associated ranking.

2.3.4. Brand Equity in B2C Environment

MacRobert (2011:34) states that more than often companies do not realise the value of the wealth in brands created by their marketing departments or outsourced agencies, yet a brand can be a considerable asset once it appears on the balance sheet. While brand equity is not the only factor that may increase the financial value of a brand to the brand owner, it is potentially a noteworthy and valuable one. Apart from brand language associations made by consumers, and consumers' perceptions of quality, other elements that can be included in the valuation of brand equity are changing market share, profit margins, consumer recognition of logos and other visual elements.

Brand equity and its dimensions can be influenced by management decisions and market conditions. A substantial amount of publications describes possible ways to enhance, build, evaluate or strengthen brand equity. Three groups of brand building tools can influence brand equity and they are: (i) the choice of brand elements (e.g. name, logo, symbol), (ii) the development of marketing programs (marketing-mix), and (iii) the leverage of secondary associations (e.g. country of origin) (Evanschitzky & Woisetschläger, 2007:2).

2.3.5. Brand Equity in B2B Environment

Although brands have long existed in the business-to-business context, interest among industrial marketers in the formal management of brands (including their use as a competitive tool), has only occurred recently. This situation lies in stark contrast to the business-to-consumer context where the use of brands as the main form of competitive positioning and differentiation has long been practiced. Industrial marketers have long argued that brands play little role in the decision making process simply because business-to-business buyers are more rational than

consumers, thereby limiting the impact of brand messages typically viewed as playing more to emotion and self-expressive desires on behalf of buyers (Lindgreen *et al.*, 2010:1223).

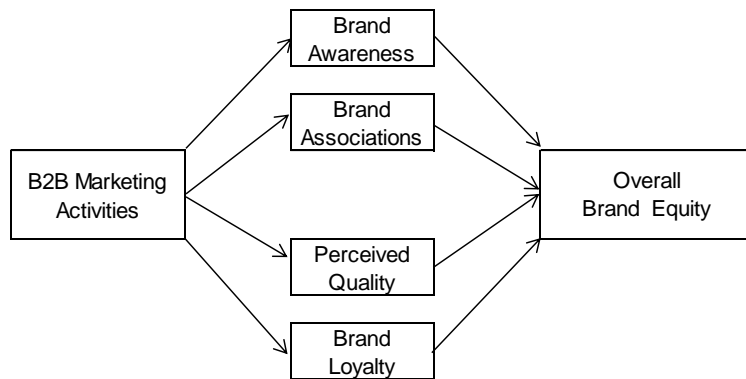
Van Riel (2005:3) holds that industrial buyers are more rationally concerned with determinants like product performance, product quality, delivery, service and price, than end consumers, but on the other hand, conditions are said to exist under which industrial buyers appear to make a purchase decision on the basis of the brand name instead of price, or other factors. This may occur when failure of the purchased product would have dire consequences for the buyer's organization, or for the buyer personally; when the product requires substantial service or support; when the product is complex; or when the buyer is under time and/or resource constraints.

2.3.6. Measurement of B2B Brand Equity

According to Nel *et al.* (2009:17) PepsiCo use the Equitrak model to measure their brand equity. This model uses two factors that contribute to a positive relationship between the brand and the customer, namely recognition, which considers the awareness of the brand by customers, and regard, which refers to a customer's emotions towards the brand. Components of regard include brand reputation, affiliation, momentum and differentiation. According to this model, the four components of regard are weighted together in order to obtain a total "regard" score. This model has important diagnostic capabilities such as the rise or fall of a brand's equity in relation to competitors.

The Brand Equity Ten, proposed by Aaker (1996:103), is a measurement of brand equity – brand loyalty (price premium and satisfaction), perceived quality (perceived quality and leadership/popularity), brand associations (perceived value, brand personality and organisational associations), brand awareness and market behaviour measures (market share, market price and distribution coverage). Brand equity provides value to the organisation through effective marketing efforts, pricing margins, brand extensions, trade leverages and competitive advantage.

Figure 2-2: Conceptual Framework of Brand Equity



Source: Adapted from Tong, 2006:13.

Ailawadi *et al.* (2003:2) summarized the following broad measures for measuring brand equity:

- to guide marketing strategy and tactical decisions,
- to assess the extendibility of a brand,
- to evaluate the effectiveness of marketing decisions,
- to track the brand's health compared with that of competitors and over time, and;
- to assign a financial value to the brand in balance sheets and financial transactions.

2.4. BRAND VALUE

2.4.1. Introduction

Wood (2000:663) states that brand value is the potential strategic contributions and benefits that a brand can make to a company. In this definition, brand value is the resultant form of brand equity, or the outcome of consumer-based brand equity. This viewpoint is echoed by Bourbab and Boukili's (2008:47) statement that the brand value chain is a structured approach to assessing the sources and outcomes of brand equity and the manner by which marketing activities create brand value.

Erdem *et al.* (1999:311) mention two different components of brand value:

- the perceived value of the brand (i.e. its component utility) and
- the intangible utility (i.e. the residual utility after accounting for objective attribute

Efforts to measure brand value have focused on the sources or causes of brand equity (located in the customer's mind) as well as on the outcomes of brand equity (i.e. brand- related marketplace behaviours that create value to the firm). These efforts are not mutually exclusive because brand equity outcomes may be traced back to the mental processes (encoding, storage and retrieval, preference formation, etc.) that serve as equity drivers (Erdem *et al.*, 1999:310).

Verbeeten and Vijn (2010:649) state that brand value brand value estimates are significantly and positively related to stock prices and stock returns and also (Verbeeten & Vijn, 2010:667) that brand value estimates are positively and significantly related to financial performance (return on assets) for three years, but the positive effect declines over time. This is supported by the views of Cobb-Walgren *et al.* (1995:28) that strong brand value translates into market share and profitability.

Roberts (2011:47) states that brand valuation is important because intangible assets are increasingly being recognised as highly valued properties. Brands can be one of the most valuable assets a company owns, but also tend to be the least understood.

Brand value has an additional advantage over other measures, in that it addresses the health of the market, as well as the health of the brand within a market (Wood, 2000:668).

Wood (2000:668) proposes the adoption of brand value as a performance measure as it creates a long-term focus for management. If brand strength is the degree of attachment to a brand, and brand value is based on the future earnings of a brand then the higher the brand strength the higher the brand value. Both managers and marketers of brands should therefore manage, and seek to maximise, both brand strength and brand value. The natural long-term outcome of this should be increased

profitability.

Bourbab and Boukili (2008:47) propose a brand value chain (See Graph 2.2., p.48) which has several basic premises. Fundamentally, it assumes that the value of a brand ultimately resides with customers. Based on this insight, the model next assumes that the brand value creation process begins when the firm invests in a marketing program targeting actual or potential customers. The marketing activity associated with the program then affects the customer mind-set with respect to the brand – what customers know and feel about the brand. This mind-set, across a broad group of customers, then results in certain outcomes for the brand in terms of how it performs in the marketplace – the collective impact of individual customer actions regarding how much and when they purchase, the price that they pay, and so forth.

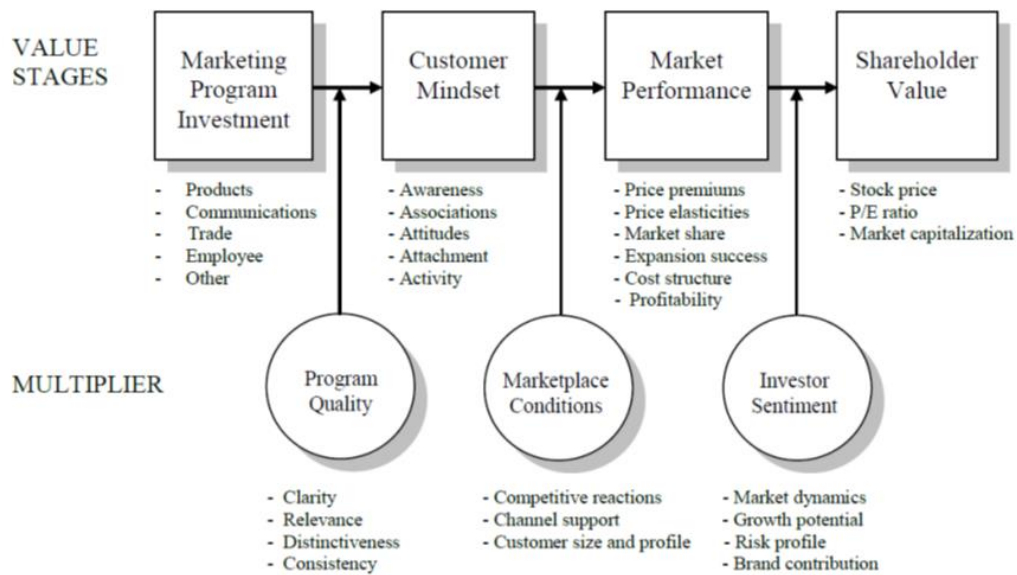
Mudambi (2002:526) indicates that industrial brand value can be described as a function of the expected price, the expected benefits of the basic product, the expected quality of the augmenting services, and the brand intangibles.

Finally, the investment community considers this market performance and other factors such as replacement cost and purchase price in acquisitions to arrive at an assessment of shareholder value in general and a value of the brand in particular.

Brand value creation begins with marketing activity by the firm that influences customers in a way affecting how the brand performs in the marketplace and thus how it is valued by the financial community (Bourbab & Boukili, 2008:48).

It is argued by Wood (2000:664) that brand value measurements could be used as an indicator of market power. Brand value is suggested as one of the performance measures that can replace the term “competitive advantage”. Whereas added value, profit and revenue are historically focused measures, brand value looks to the future. Brand value is an index-based measure that seeks to represent the net present value of the future earnings stream of a brand. At the same time Wood (2000:667/8) argues that brand value has an additional advantage over other measures, in that it addresses the health of the market, as well as the health of the brand within a market.

Graph 2-1: The Brand Value Chain



Source: Bourbab and Boukili, (2008:48)

Bourbab and Boukili (2008:49) identified five dimensions amongst a host of different approaches and measures available to assess value:

- ✓ Brand awareness: the extent and ease with customers recall and recognize the brand and can identify the products and services with which it is associated.
- ✓ Brand associations: the strength, favourability, and uniqueness of perceived attributes and benefits for the brand. Brand associations often represent key sources of brand value, because they are the means by which consumers feel brands satisfy their needs.
- ✓ Brand attitudes: overall evaluations of the brand in terms of its quality and satisfaction it generates.
- ✓ Brand attachment: how loyal the customer feels toward the brand. A strong form of attachment, adherence, refers to the consumer's resistance to change and the ability of a brand to withstand bad news (e.g., product or service failure). In the extreme, attachment can even become addiction.
- ✓ Brand activity: the extent to which customers use the brand, talk to others about the brand, seek out brand information, promotions, and events, and so on.

Interbrand's methodology is to evaluate brand value in the same way any other corporate asset is valued - on the basis of how much it is likely to earn for the company in the future (Anon, 2007:59).

2.4.2. Measuring Brand Value

Although it is not within the scope of this research to measure B2B brand value, this research will be incomplete without a brief discussion of approaches used and measuring models available.

2.4.2.1. Approaches to Brand Value Measure

Kapareliotis and Panopoulos (2010:226) list the four types of brand valuation methods already existing. Those are:

1. Cost based approach,
2. Market based approach,
3. Income based approach,
4. Formulary approach.

A brief explanation of the methodology behind each of the four approaches is as follow (Kapareliotis & Panopoulos, 2010:226):

- Cost based:
 - It calculates the costs associated with the building and maintenance of the brand. The historical cost method considers how discount rates can be applied to suit the historical expenditure to the present value.
- Market based:
 - This approach determines the worth of a brand and it is based on the amount at which the brand can be sold. The future benefits of the brand included and discounted to the present value.
- Income based:
 - This approach focuses on the future potential of a brand. The approach

asks for determination of the future net revenues attributable to the brand and discounting to the present value.

- Formulary approach
 - This approach involves multiple criteria which determine a brand's value. The main restriction is that companies which follow this approach must precise an indicator of profitability.

2.4.2.2. Brand Valuator Models

Young and Rubicam, as quoted by Nel *et al.* (2009:17), developed the Brand Asset Valuator (BAV) in order to assist them in gaining knowledge about a client's brand value. Nel *et al.* (2009:17) annotate the dimensions of the Brand Asset Valuator as follow:

- Differentiation is the ability of a brand to be distinguished from its competitors. In order to achieve this, a brand must be as distinctive as possible. Brand health is achieved through communicating and delivering on an organisation's promises, which in turn creates brand value.
- Relevance measures the appreciation of a brand by customers with regard to the marketing mix (price, product, distribution, promotion).
- Brand vitality is the growth potential of a brand and is the result of relevance and differentiation.
- Esteem is the degree to which customers hold a relevant brand in high regard. A marketer needs to determine whether the brand meets the customer's expectations and delivers on promises.
- Brand stature (the current power of a brand) is the result of esteem and knowledge. It indicates status and scope of the brand, and establishes a customer's response towards it.

Van Zyl (2011:57) mentions the monetary brand valuation methodology developed and published by the International Standards Organisation (ISO). The standard, ISO 10668:2010 "Brand valuation – Requirements for monetary brand valuation"

specifies uniform requirements and procedures for monetary brand value measurement. Three approaches used for evaluation are:

- applying income,
- market or
- cost

2.4.3. Brand Equity vs. Brand Value

Raggio (2006:26) argues that constructs of brand equity and brand value are related, but since brand value includes brand equity plus other components, they cannot be different sides of the same coin, or different dimensions of the same construct. It is impossible for two constructs to be the same if one subsumes the other, as brand value subsumes brand equity. Therefore, the constructs of brand equity and brand value are related, but since brand value includes brand equity plus other components, they cannot be different sides of the same coin, or different dimensions of the same construct.

As explained, brand equity and brand value are two closely-related, but different concepts which share some common causes. Grannell (2012:1) states that brand equity and brand value don't necessarily move in lockstep, because an increase in sales may, in some circumstances, increase value while damaging equity. Brand equity has some explanatory power with regard to customer behaviour; although it doesn't completely predict it. And finally, when taken together, brand equity and brand value help us understand the role of brand as an important market-based asset. A tabulated presentation of the main differences between brand equity and brand value can be seen in Table 2.6 on page 53.

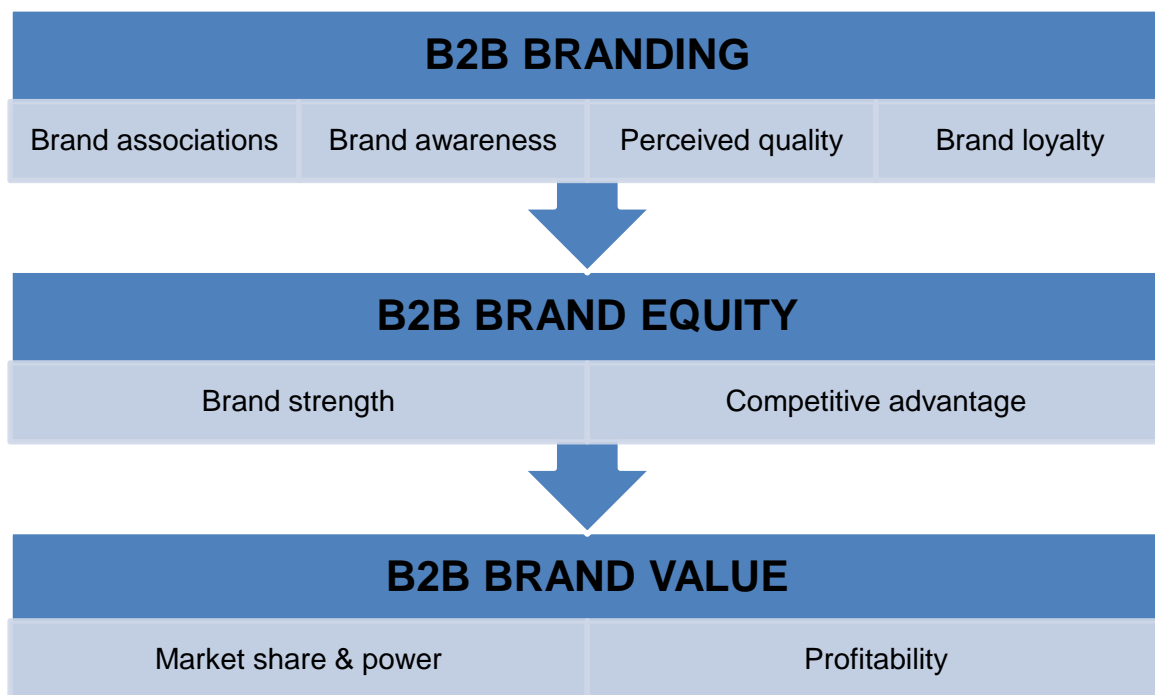
Table 2-6: Main differences between Brand Equity and Brand Value

	BRAND EQUITY	BRAND VALUE
Measures	<ul style="list-style-type: none"> • Brand loyalty <ul style="list-style-type: none"> ○ price premium ○ satisfaction • Perceived quality <ul style="list-style-type: none"> ○ perceived quality and leadership/popularity) • Brand associations <ul style="list-style-type: none"> ○ perceived value, ○ brand personality ○ organisational associations • Brand awareness & market behaviour 	<ul style="list-style-type: none"> • Total financial value of the brand <i>(Keller, 2008:130)</i>
Translates to	<ul style="list-style-type: none"> • Added/subtracted value • Favourable impressions • Influences profitability 	<ul style="list-style-type: none"> • Higher market shares and consequent increased shareholder value <i>(Walgren et al., 1995:28)</i>
Advantages	<ul style="list-style-type: none"> • Affects confidence in purchase decision • The power of the brand in the marketplace 	<ul style="list-style-type: none"> • Addresses the health of the market, as well as • the health of the brand within a market. <i>(Wood, 2000:668)</i>
Synonymous with	<ul style="list-style-type: none"> • Brand strength 	<ul style="list-style-type: none"> • Competitive advantage • Measure of market power
Perspective	<ul style="list-style-type: none"> • Consumer specific – what the brand means to the consumer • Historic perspective <ul style="list-style-type: none"> ○ Added value ○ Profit & revenue <i>(Leek and Christodoulides, 2011:2; Leone et al., 2006:126)</i>	<ul style="list-style-type: none"> • Company specific – what the brand means to the focal company • Future perspective <ul style="list-style-type: none"> ○ Net present value ○ of future earnings stream of brand <i>(Wood, 2000:664)</i>
Significantly influenced by	<ul style="list-style-type: none"> • Overall satisfaction • Brand awareness <i>(Van Riel et al., 2005:843; Atilgan et al., 2005:241)</i>	<ul style="list-style-type: none"> • Brand equity
Strategic Value and importance	<ul style="list-style-type: none"> • Incremental value of a product due to brand name <i>(Yoo & Donthu, 2001:2)</i>	<ul style="list-style-type: none"> • Potential contributions and benefits that the brand can make to the company <i>(Wood, 2000:663)</i>

2.4.4. The Branding / Brand Equity / Brand Value construct

Figure 2.3. depicts the B2B branding/brand equity/brand value construct and even though it is illustrated as a linear construct, it is imperative to understand that in practice it can never be treated as an exact or linear construct. Ind (2006:148) also warns that branding should never be considered as an exact science and must be recognized that the relationship between an organization and its customers is dynamic, non-linear, non-controllable and difficult to predict. This means that care should be taken not to overemphasize the importance and value of quantitative analysis and abstraction and recognize that it is the customer who has the power to begin, sustain, alter or terminate a brand relationship. Thus, the organization should look to reconnect with its customers: to break down the borders between the inside and outside.

Figure 2-3: The B2B Branding/Brand Equity/Brand Value Construct



2.5. CONCLUSION

Overall, brand equity creates value for consumers by enhancing their interpretation and processing of information; it reassures and boosts the consumers' confidence in the purchasing decision. On the other hand it also creates value for organisations in that it attracts new customers and creates opportunity for brand extensions. For companies to build and benefit from brand equity an investment in marketing programmes that drive brand equity is required. This will in turn support brand loyalty, improved margins and contribute to a company's competitive advantage (Anon., 2012:39).

The competitive advantage of a successful brand name is a valuable asset for the firm owning the brand. The value of this advantage is indicated by the money paid by firms that have acquired consumer package goods with strong brand names. Since 1986, there has been a frenzy of mergers and acquisitions in which brands have played primary roles. Brands are important to firms because they lead to customer loyalty which in turn ensures demand and future cash flows. The brand also captures the promotional investment over time. Therefore, it is not surprising that the primary capital of many businesses is their brands (Motameni & Shahrokhi, 1998:285).

CHAPTER 3 : RESEARCH FINDINGS AND DISCUSSION

3.1. INTRODUCTION

This chapter presents the empirical results of the study. The results obtained from the discussions with various branding decision makers in the B2B environment will be presented in this chapter. The individual responses obtained for each question from the discussion guide (see Appendix 2) will be presented. Content analysis and interpretation will be done on the relative responses to the questions in the discussion guide and findings will be drawn from it.

The primary research objective formulated in Chapter 1 was as follow:

- To investigate the importance, creation and measurement of brand equity and brand value in the business-to- business environment.

Out of this objective flowed the formulation of certain questions that formed the basis of the interviews with the respondents. These questions can in short be summarised as following. (The full version of the questions that formed the basis of the discussions is to be found in Appendix 2.):

- The importance and relevance of branding in the B2B environment
- The perception of the importance of branding in (a) business to consumer (B2C) markets and business to business (B2B) markets
- The use of a company name as brand name
- The importance of B2B branding in the current economic climate
- Commanding a price premium on the back of strong brand equity
- Distinguishing between brand equity and brand value
- Neglecting B2B branding
- Brand Asset Valuation
- Perception of branding
- Importance of product and service attributes in purchase decisions
- Sources of branding information

What follows is a detailed discussion of the empirical research findings under

these headings. Ten respondents from nine companies were interviewed. Two of the respondents interviewed represented the same company, namely company “G”. The ten respondents represented the following companies:

❖ COMPANY “A”

- Is an company in the table egg industry supplying to over 850 retail and wholesale customers in the B2B environment

❖ COMPANY “B”

- Is a service company transporting goods and raw materials, mainly for use in production or export purposes

❖ COMPANY “C”

- Is a facility able to handle pork 4,000 carcasses weekly through its abattoir and processing plant. They supply a range of quality pork carcasses and processed products to the food service, wholesale and retail industry.

❖ COMPANY “D”

- Is a division of Company “E” and manufactures innovative underground support systems for the mining industry, for both local and international markets. The company also provides roof-control systems catering for soft- and hard-rock mining environments, pumps, control panels, headboards, footplates and temporary support systems.

❖ COMPANY “E”

- Is an international manufacturing and engineering company providing products and solutions to the rail, defence, mining & energy and marine sector. It comprises eight businesses, each focussed on a manufacturing niche and a recognised leader in its field. The companies are long-established with the oldest in the group having been in operation for over 100 years.

❖ COMPANY “F”

- Is a company that supplies stainless steel plates, flanges and built to order parts mainly to the mining industry

❖ COMPANY “G”

- Was established in 2000 and specialises in water and methane sealing

of underground mining operations. Successful contracts have been completed on all the major mining groups within South Africa and abroad.

❖ COMPANY “H”

- Is a law firm providing a full range of legal services. They have attorneys specialising in almost every field of the law and are among the top ten panel attorneys used by leading banks.

❖ COMPANY “I”

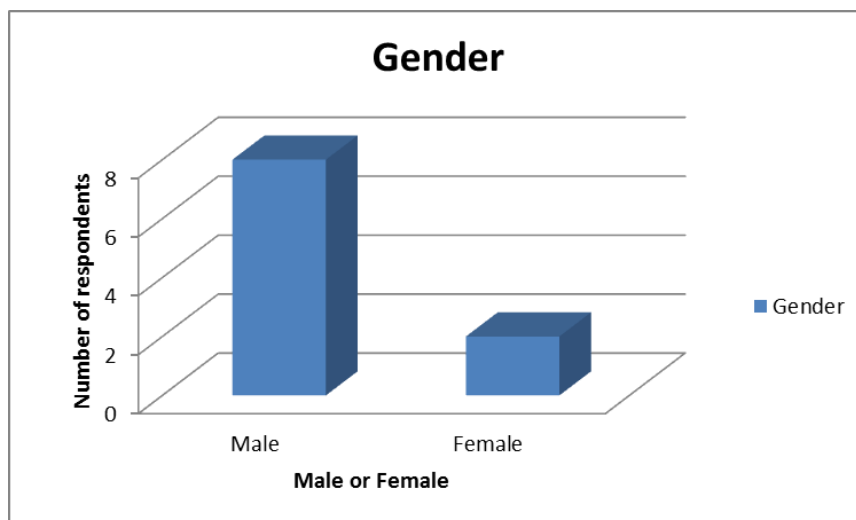
- Providing a shot-blast and painting service to engineering & manufacturing companies.

3.2. DEMOGRAPHICS

3.2.1. Gender

Of the respondents interviewed, eight were males and two females. See Figure 3.1.

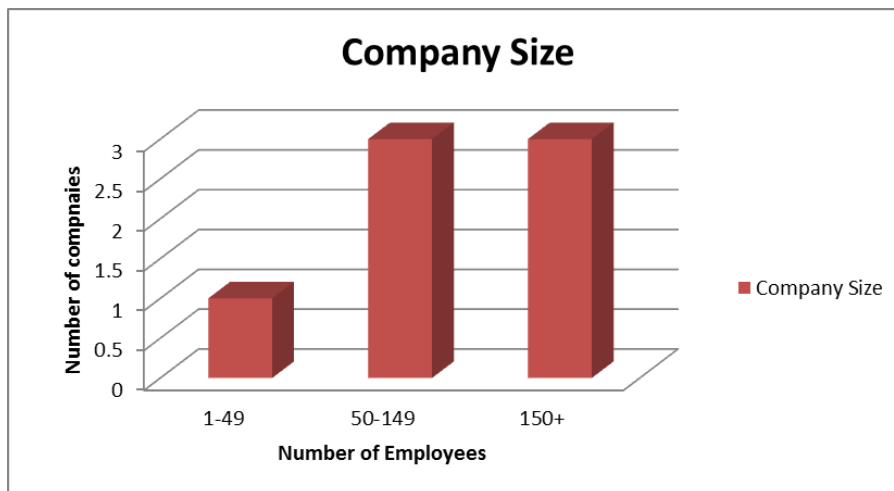
Figure 3-1: Gender of Respondents



3.2.2. Company Size – Employees

Most respondents interviewed have small to medium enterprises. Company size in terms of employees is illustrated below: (Fig. 3.2.)

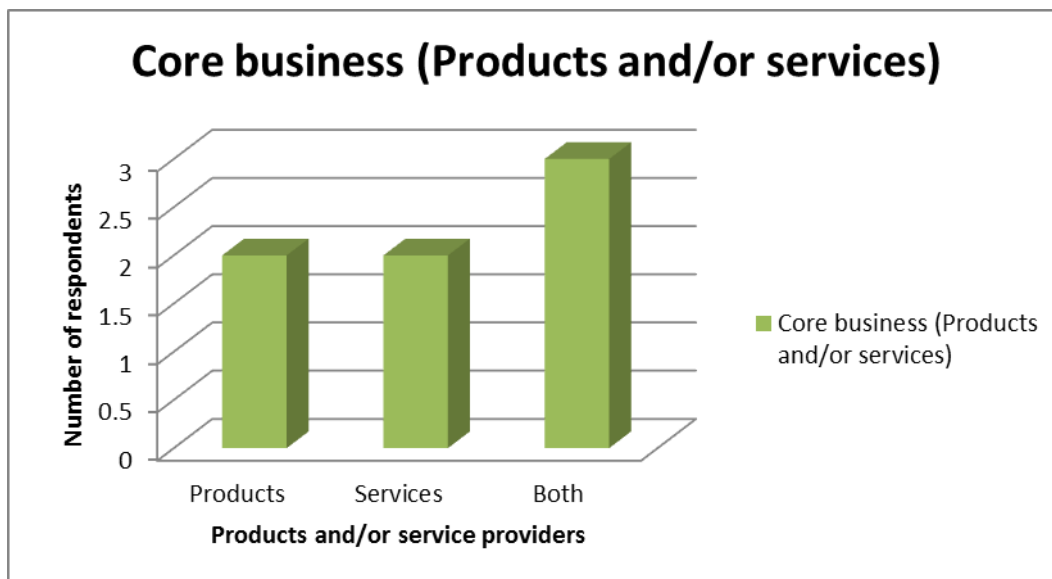
Figure 3-2: Company size in terms of Employees



3.2.3. Core Business

Although some companies are pure product or service oriented, some companies offered a mix of products and services: (Fig. 3.3.)

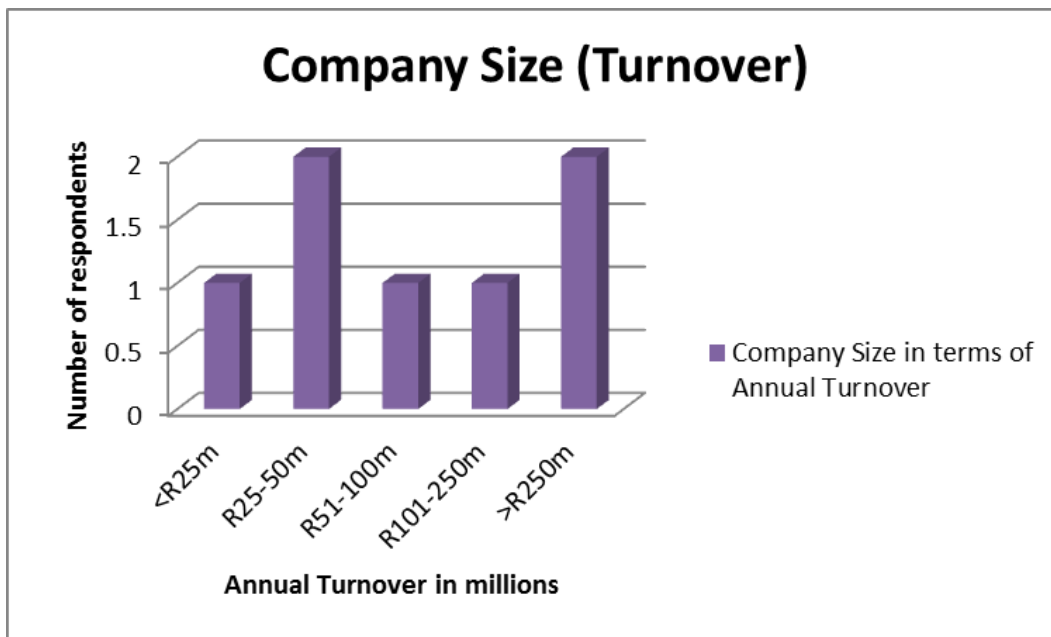
Figure 3-3: Core Business: Products and/or Services



3.2.4. Company Size – Turnover

Most respondents interviewed have small to medium enterprises. Company size in terms of turnover is illustrated below: (Fig. 3.4)

Figure 3-4: Company size in terms of Turnover



3.2.5. Industry Sectors

The following figures illustrate industry involvement of:

- Fig. 3.5: The industry involvement of the business itself
- Fig. 3.6: The industry involvement of the business's main supplier
- Fig. 3.7: The industry involvement of the business's main customer

The industries represented are as follow:

- Transport and Logistics
- Industrial Agriculture
- Construction
- Manufacturing and Trading
- Metals & Mining
- Retail and Wholesale

Figure 3-5: B2B Industry Involvement

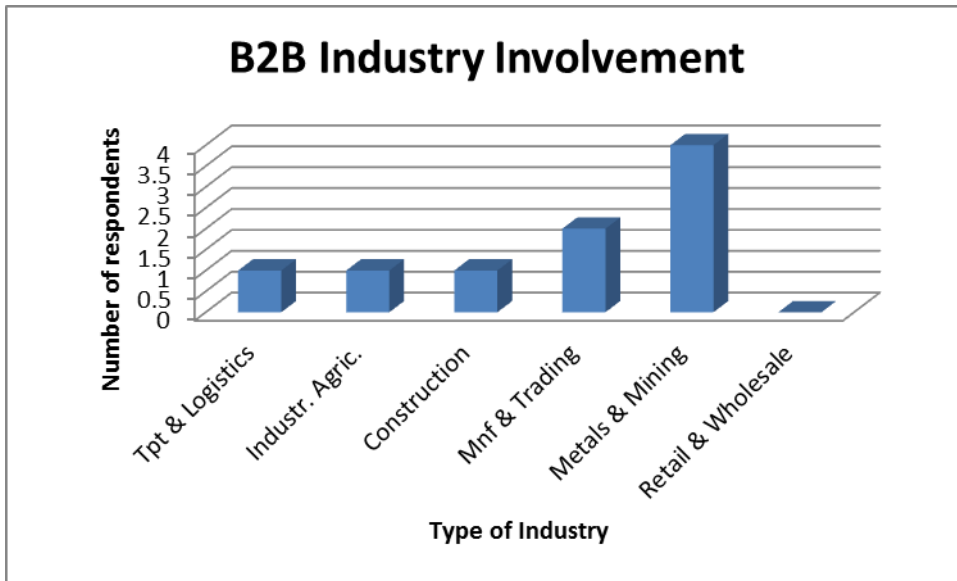


Figure 3-6: Supplier Industry Involvement

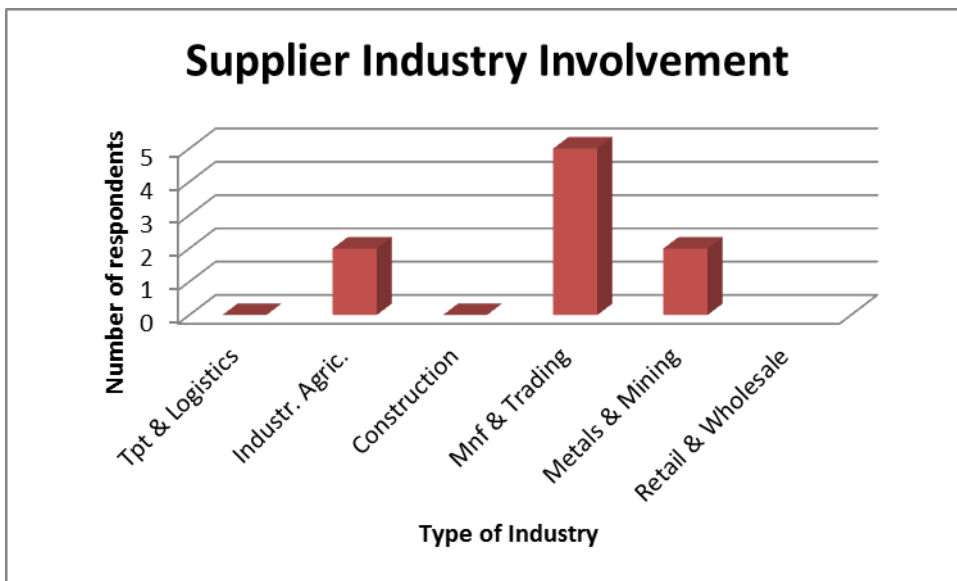
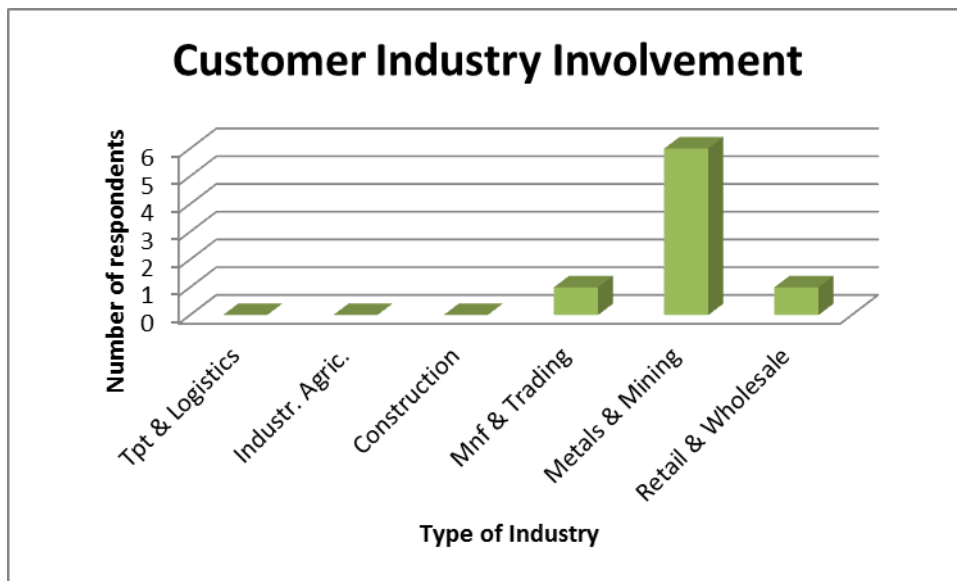


Figure 3-7: Customer Industry Involvement



3.3. PRESENTATION OF FINDINGS

The respondents' reactions and discussions of the interview questions as outlined in Appendix 2 follow below. In a few isolated cases the discussions did not have any definite and satisfactory results in which case the responses were omitted. Ten respondents representing nine different companies took part in the individual interviews. The respective respondents were numbered from one to ten to distinguish between the different responses.

3.3.1. Importance of branding in B2C and B2B environment

RESPONDENT 1: Branding in B2B environment is just as important as branding in B2C environment. In our specific case we are satisfying a demand for eggs. There will always be a demand for eggs and as part of our branding we targeted a very specific market segment and focus on how we can service that demand; by doing that we have established a strong market share with an equally strong and reputable company name or brand name.

RESPONDENT 2: Regards branding as very relevant and maybe even more in B2B environment than in B2C environment. In B2C environment, a customer will sacrifice certain attributes in order to save money, but in B2B environment the customer will more readily pay more for a stronger branded product if the product is of high standard and quality, as that specific product or service will be utilised further to add value and create business. A more reliable product will ensure that a more reliable service can be delivered

RESPONDENT 3: Even though we as company operates in B2B arena, the decisions made by end consumers in B2C environment, have an impact on decisions made on B2B level. This also drives overhead branding to ensure end consumers are aware of the brand name to the extent that they start to insist on having specific brands available to buy off the shelf.

RESPONDENT 4: Branding is regarded as so important that the branding for the whole company was changed as it is regarded as very important for company growth. Procurement departments look at company names when the order goods. They are far more likely to buy from a well-known and established company than from an unknown company. One must also keep in mind that the image of a company forms part of the branding of a company.

RESPONDENT 5: Our company regards branding as imperative and extremely relevant in their current branding campaign. Since the company is no longer part of the parent company, we are in a process to establish and reinforce just the current company name. There still exists confusion in the market whether we and the parent are still related, but in an effort to sever all former ties with the parent company, the company has renamed itself to once and for all separate it from its erstwhile parent.

RESPONDENT 6: Branding in B2B environment is equally important as in B2C environment, even though the products are not always branded. In many cases products are just allocated with a product code on a

procurement system. But in these cases there are certain factors that are crucial such as the quality of the product, price and on-time delivery.

RESPONDENT 7 & 8: We definitely regard it as important and we will not be able to conduct business if there is no form of branding. The combination of brand equity, giving value, and brand value, receiving value for the company in return, is crucial in establishing your business in the B2B environment.

RESPONDENT 9: Although the company recognises the importance of branding, no real attempts have been made to launch any brand names. Current business is sufficient to support and sustain the company.

RESPONDENT 10: We realise the relevance and importance of branding in B2B environment. Without branding or a strong brand name, you don't have a business.

Major finding: Most respondents regard B2B branding just as or even more important than B2C branding and that it is almost unthinkable to conduct business without some form of branding. For the sake of company growth B2B branding must definitely be an important consideration.

3.3.2. Focus on branding in B2B environment

RESPONDENT 1: There are no substitute products for eggs and as such our company is not competing with other products, but rather with other suppliers. This doesn't mean our company's name is unimportant, because the end-user still associates it with good quality

RESPONDENT 2: Branding for businesses, both services and products, are equally important. There should always be a focus on branding in an effort to build out the brand name and visibility of the company.

RESPONDENT 3: Branding is just as necessary, but it also depends on channel that you are working to. Efforts in branding give you the edge in sales. Selling a no name brand limits your chances for success.

RESPONDENT 4: Branding has become increasingly important, especially in B2B markets. When a company decides to buy from you, they evaluate your company, the size of the company and whether you have financial back-up to complete an order – and these issues all form part of branding

RESPONDENT 5: The company is focusing on B2B branding – more than ever before, mainly because of the ties and current negative associations and connections with the previous parent company. We want to rebrand our company with a new look, new name and new structure in the B2B environment.

RESPONDENT 6: Branding in B2B environment is in many cases of higher importance for larger, corporate type of companies. We have succeeded to a certain extent in establishing the company name as brand name, but our main focus is not on branding the company in the B2B environment. We agree that this viewpoint may change completely within the next few years to come.

RESPONDENT 7 & 8: B2B companies should have as much of a focus on branding as B2C companies – without this you will not be able to expand and continue with business.

RESPONDENT 9: Realises the importance of branding and B2C and B2B environment. Agrees that exposure by means of branding of goods and services in industrial market can lead to increased sales, but fear of BEE legislation is withholding the company from any further expansions.

RESPONDENT 10: It is just as important in B2B environment as it is in B2C environment, maybe even more so. There are quite a few legal firms in our area and we have to set us apart from the other companies offering

similar legal services.

Major finding: Companies in B2B environment should focus just as much on branding as B2C companies, either to adjust or rectify a specific perception in the market or to create brand awareness in the market – all important issues to create sales in the market.

3.3.3. Use of the company name as brand name

RESPONDENT 1: The company name, and not really the product, is of importance.

The company has been around for many years and established itself in the market as a strong contender with a good, quality product, but using excellent service as a differentiating factor to distinguish themselves from the rest of their competitors. It happened that suppliers in the egg industry changed names in an effort to get away from a bad reputation because of poor quality products and/or service.

RESPONDENT 2: In the business environment in which our company operates, it is quite common that the company name is used as the brand name.

RESPONDENT 3: A lot of planning and thought went into the re-launching of the new branding and brand name, which is still the company name. We wanted a clean image without clutter, appealing visual colours. Even font types were considered to ensure the branding message is clearly communicated.

RESPONDENT 4: From a sales point of view, our company focus primarily on a niche market. If you as a company enter a niche market, your branding has to be strong in order to be successful. Under the company name, which functions as brand name, it is easier to do brand extensions as customers already know the quality of existing products. New products are therefore more readily accepted. It is also useless if you have a strong product, but no-one has an idea who is the company behind the

product.

RESPONDENT 5: All products are linked to the company name and this make the company name plays important role in branding efforts. They want to become preferred supplier to all their customers, irrespective of what the products are. It is therefore of paramount importance that the name must be highly recognised.

RESPONDENT 6: In our case the company is focusing on establishing the company name itself as a brand and this is done by delivering quality products on time and at a competitive price. In the market segment that we are competing in, branding is however of less importance than personal relationships. In many cases just being in the customer's face will generate sales – a luxury that big companies cannot always compete with. Being small has its disadvantages, but a major advantage is that we adapt more quickly to changing market needs and we can even change product ranges without going through major re-branding issues, because the company name is of higher importance.

RESPONDENT 7 & 8: We have a wide range of products for different applications in the mining environment and quite often we found that a good product creates strong positive associations with the company name. This reinforces the company name which is important.

RESPONDENT 9: All the businesses we deal with are using their company names as brand names. Even my company which has little branding exposure also uses the company name to brand ourselves.

RESPONDENT 10: It is quite commonplace that companies use the company name as brand name. Even though companies very often sell other recognised brand names through their company, it is crucial that the customer or client must understand and recognise the link between that product and your company.

Major finding: Most companies use their respective company names as brand names, even if they have branded products in the market. The company name is

equally, if not more important than the product, because if the origin of the product is unknown, no sales can take place. Only if a business knows who the supplier of a specific product is, will he be able to contact you and generate a sale.

This is consistent with Bendixen's (2004:372) remark that many industrial companies have scope for only one brand and that is the company name, mainly for the reason that industrial buyers are primarily concerned with the company's overall brand identity rather than with the specific product they want to buy.

3.3.4. Importance of B2B branding efforts

RESPONDENT 1: B2B branding efforts are very important especially in the case where other substitute products are available. Our company can almost rest assured that our products will sell itself as long as price, availability and quality are good.

RESPONDENT 2: Branding efforts can never be stopped, the focus may shift, but the efforts must continue: awareness is business.

RESPONDENT 3: Branding remains important, even in current recession. It might happen that certain branding efforts such as sponsorships are reduced, but one has to ensure that functionality remains out in the market and that quality and even packaging remains consistent.

RESPONDENT 4: Branding must always be seen and regarded as an opportunity to create awareness of both your company and the products on offer. In the mining environment, branding is very important, irrespective of what your return on your investment is. If branding efforts are unsuccessful, you will not get any orders.

RESPONDENT 5: When branding efforts and strategies are planned, it has to be kept in mind that it is not only price that plays an important role in the branding efforts, but also other associated elements such as values, price, quality and on-time delivery. As each of the different divisions

serves different market segments, each divisions also has its own set of values, making it very difficult to formulate a central and single focus that satisfies all the different divisions.

RESPONDENT 6: In times of economic recession you cannot afford to discontinue branding efforts. One will rather relook at all the options available and concentrate on the efforts that are more likely to produce results. One will also revisit issues such as quality and service to ensure customer loyalty.

RESPONDENT 7 & 8: We regard brand building as important and even more so in this recession. We need to expose the company to more customers in an effort to broaden our customer base. We are as a matter of fact more engaged in branding efforts over the past two years than ever before – with very satisfactory results. The results we have achieved so far indicate that it is possible to double our market share over the next few years if we continue to establish our brand name in the market.

RESPONDENT 9: The company knows that if it engages in more branding efforts, the company is capable of much stronger growth and financial performance. At current turnover the company still qualifies as an exempted micro enterprise, but legislation in regard to Broad-Based Black Economic Empowerment deters the company from growing larger than its current size.

RESPONDENT 10: We had to scale down our branding efforts, but it is still important that the brand must be kept alive.

Major finding: In comparison to the B2C market, branding was not always such an important factor in the B2B environment. Developments in recent years has focused more on B2B branding and businesses started to realise the importance of branding in order to be create awareness of their respective companies and the products it represent, as well as the importance of having a competitive advantage in the marketplace. Small and medium size businesses realise the importance of brands and having a strong brand name in the market, but still neglect branding, even

though they realise what the potential benefits are.

3.3.5. Commanding a price premium

RESPONDENT 1: If you have established a good name in the market, irrespective of what you supply, you will be able to demand a price premium in the market – but only to a certain extent. Our company regards price and service as the two most critical factors associated with our product that will sell eggs. The company has found that 75% of their current customers are prepared to pay a premium for eggs we supply, as they know what service is associated with the product.

RESPONDENT 2: We use service as a differentiating factor and above-average service draws customers with the effect that the higher the demand for your service, the more you are able to command a price premium.

RESPONDENT 3: One has to remember that our company is not establishing new markets; it is merely engaging with existing markets and has therefore a cautious approach, especially regarding price. Even though there is price elasticity in the market, it can only be exceeded within reason.

RESPONDENT 4: When you are operating in a niche market you sometimes compete against cheap products. In our specific market quality is important, mainly because of the safety issues associated with mining operations. We can only command a premium on patented products, but the rest of the products compete on the base of price.

RESPONDENT 5: It is difficult to determine from head office perspective whether the different divisions can command a price premium in the market.

RESPONDENT 6: Our markets are very competitive and if you are an established supplier to a specific customer and proven yourself in regards to quality, timeous delivery and so more, then you can demand a little premium on your price. Excessive price demands will however not be

accepted in the markets, unless you have a highly sought after product or service, which we don't really have.

RESPONDENT 7 & 8: The market is very competitive and at this stage it is quite difficult to demand higher prices. The additional services we started to offer (in applying the product) are more likely to attract higher pricing due the current success we experience in the market. One of the benefits of these additional services is that the turn-around time is much quicker and we are achieving much more positive results. This is actually becoming a niche market for us and adds to our competitive advantage. On these specialised services we will be able to command a price premium.

RESPONDENT 9: Our company doesn't have much competition in the area we operate in and are therefore in the fortunate position that we can command a bit of a price premium, but it is not a direct result of a strong brand name, but rather due to a lack of strong competition in our business.

RESPONDENT 10: We can demand a little bit of price premium based on the strength of our name, but within limits as the legal market is quite competitive.

Major finding: It is not always possible to demand higher prices in the market on the back of strong branding. The market will allow slightly higher prices, but it cannot be exceeded without reason. Even patented products can command only slightly higher prices, but once again it must be within reason.

3.3.6. Distinguishing between brand equity and brand value

RESPONDENT 1: There is definitely brand equity in terms of customers that have positive experiences with quality and value, but also brand equity on the shareholder side where the company name creates value for company shareholders, but even for other companies that supply to us and would like to be associated with our company as they see it as an

endorsement that opens up other opportunities for them in the market.

RESPONDENT 2: If you don't add value to your product or service, you as company and shareholders won't get any value in return

RESPONDENT 3: Not really distinguishing between brand equity or brand value and are currently only looking at the indirect benefit of branding which is the overall performance of the company.

RESPONDENT 4: It is company policy that the product must add value to the company that purchase it, but in return the product must also create value for the company in terms of increased sales and turnover as this will ultimately create value for the shareholders. We are in other words looking for a win-win situation for all parties concerned.

RESPONDENT 5: Even though the company recognises the concepts of brand equity as creating value for their customers and brand equity as creating value for the shareholders.

RESPONDENT 6: The company does not really distinguish between brand equity and brand value, even though we know that as long as our products create brand equity or value for our B2B customers, it will also create brand value for the members.

RESPONDENT 7 & 8: The company distinguishes between brand equity and brand value, but only to a certain extent. It has been one-sided as the focus was only on selling of products, but there has been a shift to providing more value for customers, and not only for the company. It is also true that in times of financial difficulty, companies tend to cut "unnecessary" expenses, and branding and marketing are quite often victims of such exercises. Accountants very often regard it as money squandering and do not always realise the true potential and value of branding exercises.

RESPONDENT 9: Not in so many words, but it is generally accepted that our service must provide value to our customers, or they wouldn't have

made use of our services. In return it must also provide a benefit for us in order to exist.

RESPONDENT 10: The company acknowledges that clients need to get value out of the service that we offer, but up to now we haven't made any real differentiation between the two concepts.

Major finding: None of the business really distinguishes between brand equity and brand value. Most companies however, display an intuitive knowledge that in order to achieve success in B2B branding, the products or services on offer must first and foremost create value for the customer, but these products or services must also simultaneously create value for the stakeholders and shareholders of the company.

3.3.7. Neglecting B2B branding

RESPONDENT 1: Cannot see that someone can neglect B2B branding – everything that our company does is branded – from stationery to delivery trucks. It is unthinkable that a company can operate without some form of branding.

RESPONDENT 2: The value of branding is under-estimated, especially by smaller businesses.

RESPONDENT 3: In the case of our company, branding has never really been neglected – the company was rather embroiled in confusion on how to do it. The company was too busy with “busyness” and needed a new direction and approach. It was necessary to overcome the normal resistance to change, but employees also spend a lot of time in the marketplace acquiring branded goods for themselves and they started to realise that they have to engender the same attributes into the company's brand name. It is therefore important to do it right and get acceptance and approval inside the company before it is taken to the public market.

RESPONDENT 4: Small to medium businesses have not really focused on branding, but rather focused and relied on personal relations to continue business. This has, however, changed and more businesses in small and medium sector are focusing on more “African” names in a bid to obtain more business – in other words, branding and the importance of a company name as branding, is becoming increasingly important.

RESPONDENT 5: B2B branding was definitely neglected in the past and the company was in a type of a comfort zone and no money was spent on branding and building out the brand name. The split between the former parent company and the new company forced us to rethink our position and take a more aggressive attitude towards branding and establishing a positive name in the market.

RESPONDENT 6: Bigger companies may have neglected branding and took it for granted, but smaller companies realise that their company name is everything. One must keep in consideration that small companies do not have the financial backing of listed companies and cannot splash out on huge branding campaigns. As said earlier, personal relationships are far more crucial in building and establishing our company name.

RESPONDENT 7 & 8: The company distinguishes between brand equity and brand value, but only to a certain extent. It has been one-sided as the focus was only on selling of products, but there has been a shift to providing more value for customers, and not only for the company. It is also true that in times of financial difficulty, companies tend to cut “unnecessary” expenses, and branding and marketing are quite often victims of such exercises. Accountants very often regard it as money squandering and do not always realise the true potential and value of branding exercises.

RESPONDENT 9: I agree that businesses can neglect branding - we certainly have

neglected branding

RESPONDENT 10: Legal services were not always allowed to advertise with the result legal firms couldn't really brand themselves. Confusion on how to approach branding was perhaps instrumental in the neglecting of previous branding efforts and we are in the process of re-evaluating our brand and brand image.

Major finding: B2B branding has been neglected to a very large extent in the past. This can be attributed to confusion and not a comprehensive understanding of branding or even that companies were in a comfort zone relying on return sales. All respondents agree that it has become far more important and deserves much more attention to enable a company to function more competitively.

3.3.8. Brand Asset Valuation

RESPONDENT 1: The company recognises the fact that their name carries value, but has no way or formula to calculate the value due to the complexity of the process.

RESPONDENT 2: Compares asset valuation with goodwill, even though it is technically no longer applied.

RESPONDENT 3: No form of assessments are currently done to determine the strength of value of the brand name

RESPONDENT 4: No brand asset valuations are attempted in the company. The company does however measure Critical Success Factors, looking at factors such as relations and service quality – which is more on the side of brand equity than brand value.

RESPONDENT 5: Although no Brand Asset Valuations are carried out, the company is striving to get valued through their products.

RESPONDENT 6: Brand Asset Valuation will never get its rightful place in small

companies – once again due to budget restraints. If a company is well managed and becomes big enough, the company value will exceed the asset value and if the owners wish to sell the company, they will be able to charge a premium on top of the asset value of the company, but it will not appear in the financial statements of the company – at least not as far as small and medium size businesses are concerned.

RESPONDENT 7 & 8: There are currently no programmes in place to carry out any brand asset valuations.

RESPONDENT 9: No, we never identified a need to measure brand evaluation, also perhaps as a direct result of the fact that branding was previously grossly neglected.

RESPONDENT 10: There were cases in the past where company valuations were done to determine the value of the business, especially when partners bought or sold shares in the business. It was however never really done to ascertain the brand asset value of the company, neither has it appeared on the balance sheets.

Major finding: None of the respondents interviewed uses Brand Asset Valuations even though they realize the importance and strength of the intangible asset value. Only one company has done a company valuation for the sole purpose of compensating a former director that retired. This value hasn't been taken up in the financial statements, nor has it been really linked to the brand name. It can be assumed that none of these companies will attempt to do a Brand Asset Valuation in the near future. Because no Brand Asset Valuations are carried out, brand equity per se does not make any contributions on the company's financial statements.

3.3.9. Perception of Branding

RESPONDENT 2: Both goods and services can evoke similar rational and emotional perceptions, even though you might have a small business. Sometimes small businesses under-estimate the value of branding.

RESPONDENT 3: It is difficult to fully understand what the perception is of branding efforts in the market, especially because it is a consumable product. We have to rely on appreciation and acceptance of end users. Social media also plays a role in this as end users can comment on the products without you even being aware of it and cause serious harm to the company image.

RESPONDENT 4: Purchase decisions are made on rational grounds such as specifications and industry requirements. Emotions play a lesser role. On the other hand, marginal and smaller mines are more inclined to make purchase decisions based on both emotional grounds and personal relationships with suppliers.

RESPONDENT 5: Yes, to a very large extent as brand helps to position both products and services in the mind of the customer

RESPONDENT 6: Because we are personally involved with our customers, we have a fair idea of what their rational and emotional reactions and perceptions are of our products. A well manufactured product that has a longer production-life and outlives a rival's product is first prize, as this gives the customer more value for his money and this is normally met with appreciation and increased sales. The opposite is also true – deliver a product that is not to standard or specification, and customers will become reluctant to do business with you.

RESPONDENT 7 & 8: One must be aware of market perceptions of both your company name and the products you have on offer. If you have products that customers buy based on strong emotional and rational considerations, you are quite likely to have a strong brand in the market, thereby strengthening your overall competitive position in the market.

RESPONDENT 10: When purchase decisions are made based on emotional perceptions, it is normally done based on the knowledge those persons have about the services offered. When these decisions are more rational, the cost of the service

in terms of rand value is determined and then compared against other service suppliers in the market. In most cases the client rather considers the cheaper options.

Major finding: The majority of respondents agree that customers experience the branding of B2B goods and services more or less on the same levels.

3.3.10. Importance of Product and Service Attributes

Organisational buyers differ in many ways, including what they perceive to be important, the decision processes they follow, and the purchases they make. When making purchase decisions, certain attributes are of importance. Respondents were asked to rank certain product and/or service attributes which their company regard as important from 1 to 6, where:

- 1 = Very important
- 2 = Important
- 3 = Moderate importance
- 4 = Slight importance
- 5 = Less important
- 6 = Least important

The six attributes considered were:

- Branding
- Technology
- Price
- Availability
- Quality; and
- Delivery period

Figure 3-8: Importance of Service Attributes: Branding & Technology

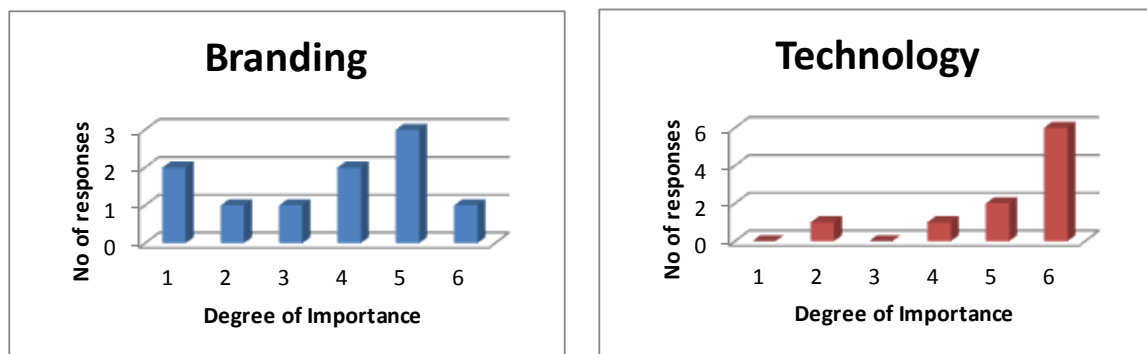


Figure 3-9: Importance of Service Attributes: Price & Availability

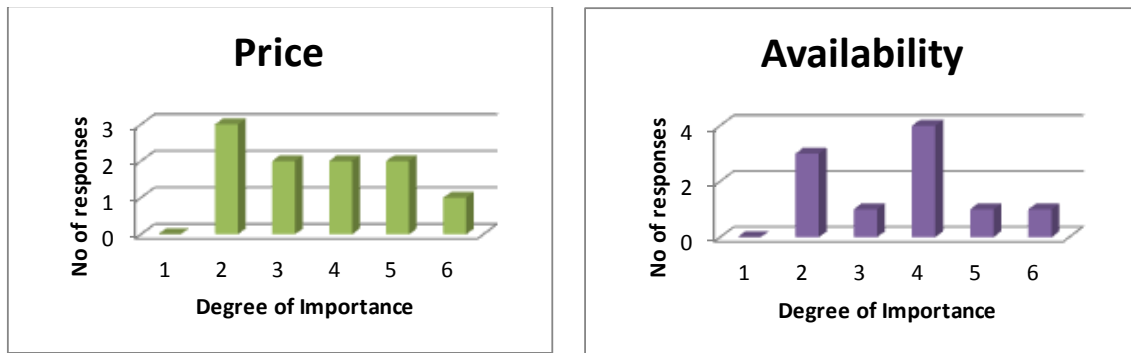


Figure 3-10: Importance of Service Attributes: Quality & Delivery Period

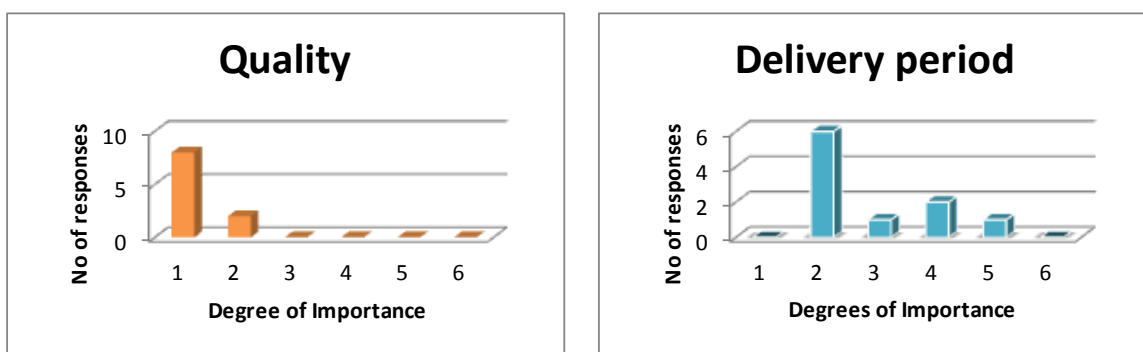
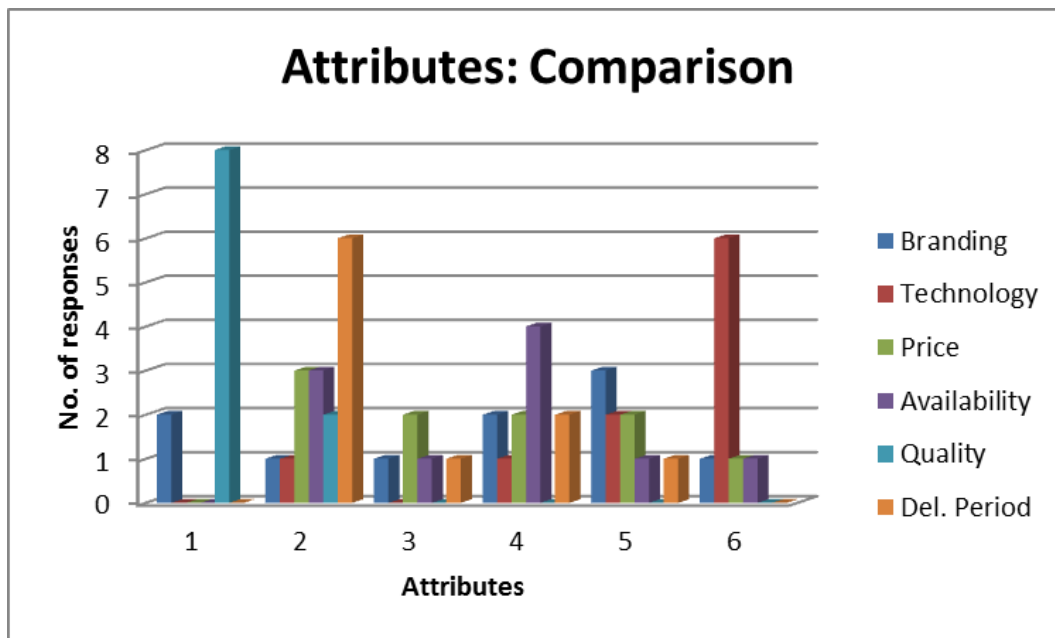


Figure 3-11: Comparison of all attributes



From above figures and especially the last one, Fig. 3.11, it is clear that the companies regard quality as the first and foremost attribute, whilst delivery period

and price take second and third place respectively. It is noteworthy that branding is ranked as the second least important attribute of all in this list.

3.3.11. Sources of Branding Information

RESPONDENT 1: The majority of newcomer-customers are internet based. One such a customer is a hotel group that approached them and this is as a direct result of internet presence. Internet is therefore the most important marketing and branding tool to their disposal.

RESPONDENT 2: There are two major sources of branding information – firstly word of mouth (WOM) and then branding on the vehicles. We regard WOM as the strongest form of branding information as an existing customer will only recommend a new customer to you if he is sure that the newcomer is trustworthy and able to pay his accounts or he will see it as a bad reflection on himself.

RESPONDENT 3: Even though branding remains important, the current demand for their products outstrip the supply and it is difficult to accommodate new customers because of production already running at maximum capacity. It is therefore obvious that new customers become aware of their products in the market and whether it is as a direct result of WOM or website is not clear.

RESPONDENT 4: Our marketing strategy is to employ mining expos, shows and agents in the field to inform the market of new company and product developments to strengthen the company brand. Site visits and physical demonstrations of products are also important as the customers can experience products first-hand and test it under actual working conditions, ensuring purchases are based on rational grounds. Our branding information is based on honesty, integrity and ethics, because if we don't have those components built into our branding, they will not purchase from us.

RESPONDENT 5: Customers obtain information about the company mainly from the company's website. The website is kept up to date with regular news articles on events and changes in the company.

RESPONDENT 6: Customers get information from products via direct marketing and personal relationships with our customers. The direct relationship we have with most of our customers also helps us to keep a finger on the pulse of how our customers experience the products.

RESPONDENT 7 & 8: Most new customers become aware of our products due to information relayed to them via mining expos as well as advertising in mining magazines. We regard mining expos as the most valuable form of communication because of the personal interaction. The company also uses telephonic communication to get feedback from customers. As a rule quiet customers are content customers as their reaction to telephone calls are more than often: "if you don't hear from me, I am satisfied with your products and service".

RESPONDENT 9: Our most important source of brand information is word of mouth and the new customers we get is a direct result of word of mouth. No other means is applied to advertise our brand name.

RESPONDENT 10: Only have two major channels of branding information, namely word of mouth (WOM) and our website. In our case WOM is the strongest branding tool. Feedback from clients is obtained via short surveys, mainly to benchmark customer experience and satisfaction.

Major finding: There are three major sources of branding information: internet, word of mouth and expos. From the research done it is difficult to decide which one really carries the most weight. A separate study will be required to ascertain which one is the best channel to relay branding information. Most respondents have a relative good understanding of how their customers experience their products or services.

3.4. CONCLUSION

This chapter dealt with the findings of the empirical research study. The results stressed the importance of utilising branding in creating brand equity and brand value in order to obtain a competitive advantage in the market, even in a contracting economic climate.

The final chapter that follows will attempt to capture the practical uses to which the results of this study may be applied by companies in products and service environment. It also touches on the limitations of the study and possible future areas of research that could be of further benefit to B2B companies in the Gauteng region. Chapter Four concludes this research project.

CHAPTER 4: CONCLUSIONS AND RECOMMENDATIONS

"If this business were split up, I would give you the land and bricks and mortar, and I would take the brands and trademarks, and I would fare better than you."

— *John Stuart, Chairman of Quaker (circa 1900)*

4.1. INTRODUCTION

In the previous chapter, the research results from the qualitative research were discussed. This final chapter focuses on the main conclusions, implications and recommendations of this study. Recommendations for future research will also be formulated.

4.2. CONCLUSIONS

4.2.1. Overview

Although strong brands in the B2B environment fail to attract price premiums over generic or unknown brands, it is true that strong or better known brands still get special consideration when purchase decisions are made. In very competitive environments, procurement departments are definitely considering functional benefits and therefore products and services of higher quality will enjoy preference.

4.2.2. Brand Equity and Brand Value

Raggio (2006:171) argues that the ultimate goal of brand equity research should be to understand how to leverage equity to create value. The problem experienced in the market is that most companies have an intuitive knowledge on brand equity and

brand value and realises that in creating brand equity or value for their customers in the B2B environment, they are also creating value for the business. Brand value measurements in turn could be used as an indicator of market power and even suggests that brand value can be replaced by the term “competitive advantage”. The problem lies in the old management proverb that you can't manage what you don't measure. Unless brand value is measured, nobody will know whether it is getting better or worse. Brand value cannot be managed for improvement if it isn't measured to see whether it is getting better or not. This finding also reveals that companies do not consider brand equity as a valuation tool of the company's worth.

Krishnan et al. (2001:342) states that brand equity is usually seen as more important for services than for goods. Because services are intangible, consumers have more difficulty evaluating their quality. Branding a service can aid consumers by helping to assure them of a uniform level of service quality. In the interviews with the respondents, it became clear that even though quality is very highly ranked, branding doesn't really get the attention it deserves.

4.2.3. B2C vs. B2B

Successes of branding in B2C markets are surely attracting the attention of players in the B2B environment. Brand names, in most cases the company name itself, are becoming more recognised, even though small and medium enterprises still rely heavily on strong personal relationships to obtain business. The more corporate type of businesses within the B2B environment will however rather consider strong branded businesses when it comes to procurement decisions.

Branding in the B2B environment has huge potential if the branding message is properly communicated. Inconsistent and indistinct brand messages can result in confusion. Confusion in the market will undoubtedly harm brand equity, while unique brand associations will strengthen brand equity and ultimately boost brand value. Most B2B companies will in all probability never reach the same stature as certain B2C brands, but careful consideration and management of B2B branding will build

enough brand equity to create substantial shareholder value.

4.2.4. Brand Asset Valuations

From the interviews it is clear that even though companies recognise the value of brands, no one attempts to have it valued to for inclusion in the balance sheet. Even though companies realise the importance to assess a brand's current achievements and stature, Lindemann (2004:1) argues that for most of the 20th century, tangible assets were still regarded as the main source of business value. These included manufacturing assets, land and buildings or financial assets such as receivables and investments. They would be valued at cost or outstanding value as shown in the balance sheet. The market was aware of intangibles, but their specific value remained unclear and was not specifically quantified. Lindemann (2004:1) continues by stating that even today, the evaluation of profitability and performance of businesses focuses on indicators such as return on investment, assets or equity that exclude intangibles from the denominator. Measures of price relatives (for example, price-to-book ratio) also exclude the value of intangible assets as these are absent from accounting book values.

Roberts (2011:47) states that although universally recognised methods have been devised to perform brand valuations to assist not only brand valuers, but also accountants, lawyers and marketers who are also involved in the process, the accountants are the toughest crowd to get on board.

In the more modern countries such as the United Kingdom and the United States of America, brand value is accepted and recognised, but there is also still a problem with the quality of brand valuations for balance-sheet recognition. The techniques used often produce questionable values (Lindemann, 2004:4). In spite of this, Lindemann (2004:7-8) provides an example of a hypothetical valuation of a brand in a market segment is shown in Appendix 4. This calculation is useful for brand value modelling in a wide range of situations, such as:

- predicting the effect of marketing and investment strategies;

- determining and assessing communication budgets;
- calculating the return on brand investment;
- assessing opportunities in new or underexploited markets; and
- tracking brand value management.

4.3. MANAGERIAL IMPLICATIONS

The efficient management of branding is becoming a major source of competitive advantage for companies.

If Nel *et al.* (2009:16) then define brand value as the estimated economic profit that the brand can generate in the future, brand value as intangible should be recognised as such and reported in the company's financial statements. Once it is formally recognised by the accountants, it can also be strategically managed, even though it is an intangible. After all, recognition of other intangibles, such as intellectual property (e.g. patents and trademarks), is becoming more common place and these intangibles can become instrumental in the long-term success, or failure, of the company. Once these intangibles become fully recognised by accountants, it will also ensure efficient resource allocation. Until now many accountants still do not understand the value of branding exercises and still see it as expenditure rather than an investment in future growth of the company.

As brands in the B2B environment become more and more important, so will the value of intangible assets to companies. This will require specific brand differentiation strategies to ensure a sustainable competitive advantage. Ohnemus (2000:160) states that a well-positioned brand should provide substantial reassurance to business customers, since the purchaser's entire fate could be totally dependent on it. The stronger the reputation and inherent goodwill of the brand, the greater the likelihood that the company possesses competitive advantages and more pricing power which would ultimately provide its shareholders with above-average returns.

4.4. RECOMMENDATIONS FOR FURTHER RESEARCH

The following areas have been identified for future research:

- Continued research on brand equity and brand value aiming at the separation of the two concepts, irrespective of whether it is in a B2C or B2B environment.
- Continued research in the B2B environment on a larger or national scale to either confirm or refine the findings of this study;
- Is brand equity in B2B environment more important for services than for goods?
- Why do businesses in small and medium market segments still neglect branding despite all the potential benefits?

4.5. SUMMARY

In this study the concepts of brand value and brand value was researched with the aim to determine the origins of branding, with the focus on the concepts of brand equity and brand value and the role these concepts play in creating shareholder wealth.

Chapter One elaborated on the purpose of the study and emphasised the objectives of this study. Primary and secondary objectives were listed to set the required outcomes of this study. This chapter also provided an exposition of the structure to be pursued in following chapters.

Chapter Two is based on an overview of branding, focusing through a literature study of what is known in the field of brand equity and brand value. The chapter elaborated on the literature of brand equity and brand value.

Chapter Three covered the research methodology, presentation and the discussion of the empirical results.

The final chapter, Chapter Four, draws conclusions, offers some recommendations and has identified some areas for future research.

REFERENCES

Aaker, D.A. 1996. Measuring brand equity across products and markets. *California Management Review*, 38(3):102–120.

Ailawadi, .K.L., Lehmann, D.R. & Neslin, S.A. 2003. Revenue premium as an outcome measure of brand equity. *the Journal of Marketing*, 67(4): 1-17.

Ailawadi, K.L. & Keller, K.L. 2004. Understanding retail branding: conceptual insights and research priorities. *Journal of Retailing*, 80: 331–342.

Anon. 2007. The Top 100 Brands - Here's how Interbrand calculates the power in a name. *Business Week*, 6 Aug. [Web]:
http://www.businessweek.com/pdfs/2007/0732_globalbrands.pdf [Date accessed: 23 Mar. 2012.]

Anon. 2012. Brand equity. Finweek. 8 Mar. 2012, p. 39-39. [Web]:
<http://web.ebscohost.com.nwulib.nwu.ac.za/ehost/pdfviewer/pdfviewer?sid=a03ce514-4592-4d4e-a0f7-a0fc7c4db439%40sessionmgr12&vid=1&hid=7> [Date accessed: 28 Apr. 2012.]

Atilgan, E., Aksoy, S. & Akinci, S. 2005. Determinants of the brand equity. The verification approach in the beverage industry in Turkey. *Marketing Intelligence and Planning*, 23(3): 237-248.

Backhaus, K., Steiner, M., & Luggler, K. 2011. To invest, or not to invest, in brands? Drivers of brand relevance in B2B markets. *Industrial Marketing Management*, 40(7): 1082–1092.

Basich, T. 2010. Three key differences between B2B and B2C buyer needs that impact social media use. [Web]: <http://www.radian6.com/blog/2010/09/3-key-differences-between-b2b-and-b2c-buyer-needs-that-impact-social-media-use/>. [Date of access: 07 Apr. 2012.]

Bendixen, M, Bukasa, K.A. & Abratt, R. 2004. Brand equity in the business-to-

business market. *Industrial Marketing Management*, 33(5): 371-380.

Birnbaum, E. 2010. How similar are B2B and B2C sales? [Web]:
<http://www.ecommercepartners.net/blog/how-similar-are-b2b-and-b2c-sales.html>
[Date accessed: 07 Apr. 2012.]

Bourbab, A. and Boukili, M. 2008. Brand management process: how to build, measure and manage brand equity. *Brand Management Process, ISITT*. (High International Institute of Tourism in Tangier. [Web]:
http://www.google.co.za/url?sa=t&rct=j&q=bourbab%20and%20boukili&source=web&cd=4&ved=0CDoQFjAD&url=http%3A%2F%2Fwww.abhatoo.net.ma%2Findex.php%2Ffre%2Fcontent%2Fdownload%2F15464%2F270302%2Ffile%2FBrand_Management_Process.pdf&ei=R45rT5jvFIO6hAfXoJSmBw&usg=AFQjCNFxdQTSLi2ISNJU5ujnzSq2B0l8w [Date accessed: 22 Mar. 2012].

Bruer, S.M. 2006. Outcomes of private label programs: brand loyalty, supply chain & cost management. N.C., U.S.A., North Carolina State University, (Dissertation in partial fulfilment: Ph.D.). pp. 406.

Buil, I., De Chernatony, L. & Martínez, E. 2011. Examining the role of advertising and sales promotions in brand equity creation. *Journal of Business Research*, 66(1): 1-8.

Business Directory. 2012. Branding. [Website]:
<http://www.businessdictionary.com/definition/branding.html> [Date accessed: 14 Jun. 2012.]

Chen, Y., Su, Y. & Lin, F. 2011. Country-of-origin effects and antecedents of industrial brand equity. *Journal of Business Research*, 64:1234–1238

Cobb-Walgren, C.J., Ruble, C.A. & Donthu, N. 1995. Brand equity, brand preference, and purchase intent. *Journal of Advertising*, 24(3): 25-40.

Dimitrov, S. 2008. Brand origin and product characteristic effects on corporate versus product brand equity in B2B markets. University of Pretoria: Gordon Institute

of Business Science. (Dissertation: MBA.) pp. 134.

Erdem, T., Swait, J., Broniarczyk, S., Chakravarti, D., Noëlkapferer, J., Keane, M., Roberts, J., Steenkamp, J. & Zettelmeyer, F. 1999. Brand equity, consumer learning and choice. *Marketing Letters*, 10(3): 301-318.

Erdem, T. & Swait, J. 1998. Brand equity as signalling phenomenon. *Journal of Consumer Psychology*, 7(2): 131-157.

Evanschitzky, H. & Woisetschlager, D.M. 2007. The effects of corporate efforts on brand equity: a multilevel analysis. [Web]:

http://www.cerog.org/lalondeCB/CB/2007_lalonde_seminar/N17.pdf [Date accessed: 04 Mar. 2012].

Glynn, M.S. 2012. Primer in B2B brand-building strategies with a reader practicum. *Journal of Business Research*, 65(5): 666–675.

Grannell, C. 2012. Untangling brand equity, value, assets and health. [Web]:

http://www.brandchannel.com/papers_review.asp?sp_id=1460 [Date accessed: 19 Jun. 2012.]

Gregory, J.R. & Sexton, D.E. 2007. Hidden wealth in B2B brands. *Harvard Business Review*. [Web]: <http://hbr.org/2007/03/hidden-wealth-in-b2b-brands/ar/1>

[Date accessed: 10 Jan. 2012].

Haigh, D. 2000. Brand valuation: measuring and leveraging your brand – a report prepared for the Institute of Canadian Advertising. [Web:]

http://www.markenlexikon.com/texte/brandfinance_brand_valuation_leverage_may_2000.pdf [Date accessed: 28 Oct. 2012].

Hofmeyr, J. & Parton, G. 2006. Brand value creation, communications and equity.

[Web:] <http://www.synovate.com/bvc/Synovate%20White%20Paper%20-%20Brand%20Value%20Creation,%20Communications%20and%20Equity.pdf>

[Date accessed: 04 Mar. 2012].

Homburg, C., Klarmann, M., & Schmitt, J. 2009. Brand awareness in business markets: When is it related to firm performance? *International Journal of Research*

in Marketing, 27: 201–212.

Ind, N. 2006. Beyond branding: from abstraction to cubism. *Journal of Product & Brand Management*, 15(2): 148 – 149.

Jobber, D. & Fahy, J. 2009. *Foundations of Marketing*. McGraw-Hill Higher Education, Berkshire, UK. pp. 363.

Johansson, J.K., Dimofte, C.V. & Mazvancheryl, S.K. 2012. The performance of global brands in the 2008 financial crisis: A test of two brand value measures. *International Journal of Research in Marketing*, 29 (3): 1 – 11.

Jones, R. 2008. Finding sources of brand value: Developing a stakeholder model of brand equity. *International Retail and Marketing Review*, 13: 10–32.

Jones, S. 2011. Brand like a rock star. *Brand Channel* [Online], [Web]: http://www.brandchannel.com/images/papers/531_steve_jones_brand_like_a_rock_star_companion_1011.pdf [Date accessed: 15 Jan. 2012].

Kapareliotis, I. & Panopoulos, A. 2010. The determinants of brand equity: The case of Greek quoted firms. *Managerial Finance*, 36(3): 225 – 233.

Keller, K.L. 2008. *Strategic brand management: building, measuring, and managing brand equity*. 3rd ed. New Jersey, N.J.: Prentice-Hall.

Keller, K.L. 2010. Brand equity management in a multichannel, multimedia retail environment. *Journal of Interactive Marketing*, 24(2): 58-70.

Keller, K.L. & Lehmann, D.R. 2004. Brands and branding: research findings and future priorities. [Web]: <http://bear.warrington.ufl.edu/CENTERS/MKS/invited/BRANDS%20AND%20BRANDING.pdf> [Date accessed: 22 Jan. 2012].

Kotler, P. 2003. *Marketing management*, 11th ed. Upper Saddle River, N.J. New Jersey: Prentice Hall. pp. 816.

Kotler, P. & Armstrong, G. 2010. *Principles of marketing*. Upper Saddle River, N.J. Pearson Education Inc. pp. 637.

Kotler, P. & Pfoertsch, W. 2006. Being known or being one of many: the need for

brand management for business-to-business (B2B) companies. *Journal of Business & Industrial Marketing*, 22(6): 357 – 362.

Krishnan, B.C. & Hartline, M.D. 2001. Brand equity: is it more important in services? *Journal of Services Marketing*, 15(5): 328-342.

Kuhn, K.L, Alpert, F. & Pope, N.K. 2008. An application of Keller's brand equity model in a B2B context. *Qualitative Market Research: An International Journal*, 11(1): 40 – 58.

Lee, H., Lee, C. & Wu, C. 2008. Brand image strategy affects brand equity after M&A. *European Journal of Marketing*, 45(7/8): 1091-1111.

Leek, S. & Christodoulides, G. 2011a. A literature review and future agenda for B2B branding: Challenges of branding in a B2B context. *Industrial Marketing Management*, 40 (6): 830-837.

Leek, S. & Christodoulides, G. 2011b. Brands: Just for consumers? Introduction to the special issue on B2B branding. *Industrial Marketing Management*, 40(7): 1060-1062.

Leek, S. & Christodoulides, G. 2011c. A framework of brand value in B2B markets: The contributing role of functional and emotional components. *Industrial Marketing Management*, [Web]:

<http://www.sciencedirect.com/nwulib.nwu.ac.za/science/article/pii/S0019850111002276> [Date accessed: 8 Feb. 2012].

Leone, R.P., Rao, V.R., Keller, K.L., Luo, A.M., Mcalister, L. & Srivastava, R. 2006. Linking Brand Equity to Customer Equity. *Journal of Service Research*, 9(2): 125-138.

Lindeman, J. 2004. Brand valuation: The financial value of brands. [Web] http://www.brandchannel.com/papers_review.asp?sp_id=357 [Date accessed: 08 Oct. 2012].

Lindgreen A., Beverland, M.B. & Farrelly, F. 2010. From strategy to tactics: Building, implementing, and managing brand equity in business markets. *Industrial Marketing Management*, 39: 1223–1225.

MacRobert, D. 2011. Brands – the hidden assets? : intellectual property. *Without Prejudice*, 11 (1): 34-35.

Moolla, A.I. 2010. A conceptual framework to measure brand loyalty. Potchefstroom: NWU. (Thesis: Ph.D.) pp. 278.

Motameni, R. & Shahrokhi, M. 1998. Brand equity valuation: a global perspective. *Journal of Product & Brand Management*, 7(4): 275 – 290.

Mudambi, S. 2002. Branding importance in business-to-business markets: Three buyer clusters. *Industrial Marketing Management*, 31(6): 525-533.

Nel, J.D.W.; North, E.J.; Myburg, T.; Hern, L. 2009. A comparative study of customer-based brand equity across selected South African hotels. *International Retail and Marketing Review*, 5(1).

Ohnemus, L. 2009. B2B branding: A financial burden for shareholders? *Business Horizons*, 52(2): 159-166.

Quarles, R.C. 2012. A Conceptual and Measurement Model for Brand Equity Research. [Web]: <http://www.qsaresearch.com/images/equity.pdf> [Date accessed: 04 Mar. 2012].

Raggio, R.D. 2006. Three essays exploring consumers' relationships with brands and the implications for brand equity. Ohio State University. (Thesis: Ph.D.) pp. 171.

Raggio, R.D. & Leone, R.P. 2007. The theoretical separation of brand equity and brand value: Managerial implications for strategic planning. *Journal of Brand Management*, 14: 380–395.

Randall, K. 2006. It's a fact: strong brands drive B2B markets. *Brand Channel* [Web] http://www.brandchannel.com/papers_review.asp?sp_id=1235 [Date accessed: 10 Jan 2012].

Ritson, M. 2010. Negative brand equity's a death sentence, *Marketing Week*. [Web]: <http://www.marketingweek.co.uk/opinion/negative-brand-equitys-a-death-sentence/3015834.article> [Date accessed: 21 Jan 2012].

Roberts, S. 2011. Brand valuation: the methodologies. *Intellectual Property*

Magazine, Feb.2011. pp. 47-49.

Scott-Morton, F. & Zettelmeyer, F. 2004. The strategic positioning of store brands in retailer-manufacturer negotiations. *Review of Industrial Organization*, 24(2):161-94.

Sinha, A., Ashill, N.J. & Gazley, A. 2008. Measuring customer based brand equity using hierarchical Bayes methodology. *Australasian Marketing Journal*, 16(1): 3 – 19.

Steingold, L. 2012. Brand equity vs. value. [Web]: <http://www.evancarmichael.com/Branding/4239/Brand-equity-vs-value.html> [Date accessed: 14 Mar. 2012].

Tong, X. 2006. Creation of brand equity in the Chinese clothing market. University of Missouri, Columbia. (Thesis: Ph.D.) pp. 180.

Van Riel, A., De Mortanges, C. & Streukens, S., 2005. Marketing antecedents of industrial brand equity: An empirical investigation in specialty chemicals. *Industrial Marketing Management*, 34: 841– 847.

Van Zyl, C. 2011. How big is your brand? : Intellectual property. *Without Prejudice*, 11(6): 57-58.

Verbeeten, F.H.M. & Vijn, P. 2010. Are brand-equity measures associated with business-unit financial performance. Empirical evidence from Netherlands. *Journal of Accounting, Auditing and Finance*, 25(4): 645 – 671.

Washburn J.H. & Plank, R.E. 2002. Measuring brand equity: an evaluation of a consumer-based brand equity scale. *Journal of Marketing Theory and Practice*, 10(1): 46-62.

Welman, C., Kruger, F. & Mitchell, B. 2010. Research Methodology. Cape Town: Oxford Press. 342 p.

Whisman, R. 2009. Internal branding: a university's most valuable intangible asset. *Journal of Product & Brand Management*, 18(5): 367–370.

Wood, L. 2000. Brands and brand equity: definition and management. Management

Decision, 38/9. MCB University Press. pp. 662-669.

Yoo, B., Donthu, N. & Lee, S. 2000. An examination of selected marketing mix elements and brand equity. *Journal of the Academy of Marketing Science*, 28(2): 195 – 211.

Yoo, B. & Donthu, N. 2001. Developing and validating a multidimensional consumer-based brand equity scale. *Journal of Business Research*, 52: 1-14.

Zhu, J. 2009. Three essays on brand equity. The University of Iowa. (Thesis: Ph.D.). pp. 195.

APPENDIX 1: STUDY LEADER'S LETTER TO RESPONDENTS

To Whom It May Concern:

THE USE OF BRANDING IN CREATING CUSTOMER BRAND EQUITY AND ULTIMATELY BRAND VALUE FOR COMPANIES OPERATING IN THE BUSINESS-TO-BUSINESS (B2B) ENVIRONMENT.

Brands and branding are widely accepted strategies in the business to consumer (B2C) markets, but are often ignored or hugely neglected in the business to business (B2B) environment. Brands and branding can be one of the most valuable assets a company owns, but also tend to be the least understood. Brand value, as part of the brand value chain, has certain benefits and can make potential strategic contributions to a company.

Brand value measurements could also be used as an indicator of market power and in some literature it is even suggested that brand value can be replaced by the term "competitive advantage".

Against this background, Mr Willie Schoeman, an MBA student at the North-West University, Potchefstroom, is conducting research to ascertain the true extent of B2B branding in creating brand equity for their customers and brand value for themselves.

The research study will take the form of either a face-to-face or telephonic interview of about 60 - 90 minutes in duration with a selected sample of senior executives such as yourself and will be based on your responses to the following four over-arching questions:

- ✓ The recognition of brands and branding in your company, operating in the industrial business environment.
- ✓ The nature of the branding and brands in creating brand equity or value for the customer in the process. What strategies your company have adopted to create brand equity.
- ✓ The nature of the branding and brands in creating brand value for the company itself in the process. What strategies your company have adopted to create brand value.
- ✓ To what extent is brand value measured and what methodologies are used to determine brand value.

If possible, he would also like to discuss practical examples of the impact of branding and brands in your company.

For purposes of clarity, the four questions have been expanded and accompanied by examples in the enclosed attachment.

Willie will record your answers during his interview with you, so there's no need for you to put pen to paper. On the other hand, your thoughtful and considered responses in answering the questions would be greatly appreciated, so you may wish to formulate some of these ahead of the interview. All responses will be treated with the utmost confidentiality. Should you have any additional queries, please do not hesitate to contact me at henry.lotz@nwu.ac.za .

A copy of the final research report will be available from the university to all respondents. We truly appreciate your valuable contribution to expanding the knowledge base on brand equity and brand value in B2B environment.

Sincerely,

Dr. Henry Lotz

Study Leader

Potchefstroom Business School

North-West University

APPENDIX 2: INTERVIEW INFORMATION & QUESTIONS

BRAND VALUE AND BRAND EQUITY

NOTES

- ✓ The aim of this research is firstly to establish to what extent B2B-businesses within the Gauteng region are aware of the concepts of branding, brand equity² and brand value³ as well as how these businesses:
 - Recognise and utilise branding as driver to accelerate company success
 - Establish brand equity (what customers think and feel about a brand)
 - Measure and manage brand equity.
- ✓ In his thesis Raggio (Raggio, R.D. 2006. Three essays exploring consumers' relationships with brands and the implications for brand equity. Ohio State University. Thesis: Ph.D. pp. 171.) proposes firstly that brand equity is an intrapersonal construct that moderates the impact of marketing activities, and secondly, brand value, which is the sale or replacement value of a brand. He argues that such a distinction is important because, from a managerial perspective, the ultimate goal of brand equity research should be to understand how to leverage equity to create value.
- ✓ Brand value measurements could be used as an indicator of market power and even suggests that brand value can be replaced by the term "competitive advantage".
- ✓ The recognition of brands and branding in your company, operating in the industrial business environment.
- ✓ The nature of the branding and brands in creating brand equity or value for the customer in the process. What strategies your company have adopted to create brand equity.
- ✓ The nature of the branding and brands in creating brand value for the company itself in the process. What strategies your company have adopted to create brand value.
- ✓ To what extent is brand value measured and what methodologies are used to determine brand value.

² Brand equity - what customers think and feel about a brand

³ Brand value – what customers do about a brand

1. BRAND PROFILE

A. HISTORY OF BRANDING

1. In some literature it is suggested that business to business (B2B) branding does not seem to be an important issue. It is perceived as gimmicky and it has been suggested that the practice of branding industrial products is impractical due to companies having thousands of products. (Leek *et al.*, 2011a:831). Do you consider branding as relevant in the B2B environment? Please motivate your answer.
2. What is your perception of the importance of branding in:
 - 2.1. Business to consumer (B2C) markets?
 - 2.2. Business to business (B2B) markets?
3. Should companies that produce industrial goods or services focus more/less on branding than companies that produces consumer goods? Please motivate your answer.
4. Will you agree that in many B2B markets brand name is often the company name? (An effective brand name should embody unique values to aid the customer in recognizing and recalling the supplier and the product).
5. It is not clear whether B2B branding will increase the financial reward. Building brand equity involves a long term financial investment. In the current economic climate making a long term commitment often at the expense of short term business profitability is not a sacrifice that many B2B marketers would readily make. (Leek *et al.*, 2011a:831). What is your opinion on this – is it really advisable to stop all branding efforts, or is there something specific in your company's approach to branding that contributes in building brand equity?
6. Are procurement managers/buyers be willing to pay a price premium to suppliers “whose product and service performance is likely to be superior to other vendors”?

B. RECOGNITION OF BRAND EQUITY AND BRAND VALUE

7. If the company distinguishes between brand equity (= brand strength or what the brand means to the consumer) and brand value (= the sales or replacement value of a brand, or market share), how does your company distinguish between brand value and brand equity?

8. To your opinion: have B2B marketers unjustly neglected branding as a marketing instrument, or do B2B market characteristics prevent brands from being effective?
9. Do you regard brand equity and brand value as ultimately creating shareholder wealth?

C. EVALUATION: BRAND EQUITY AND BRAND VALUE

10. Does your company measure brand value in any way? Young & Rubicam's Brand Asset Valuator (BAV)⁴, for example, is used to assist companies in gaining knowledge about their company's brand value. A BAV will typically measure brand value on the following criteria:

- 10.1. Differentiation is the ability of a brand to be distinguished from its competitors. In order to achieve this, a brand must be as distinctive as possible. Brand health is achieved through communicating and delivering on an organisation's promises, which in turn creates brand value.
- 10.2. Relevance measures the appreciation of a brand by customers with regard to the marketing mix (price, product, distribution, promotion).
- 10.3. Brand vitality is the growth potential of a brand and is the result of relevance and differentiation.
- 10.4. Esteem is the degree to which customers hold a relevant brand in high regard. A marketer needs to determine whether the brand meets the customer's expectations and delivers on promises.
- 10.5. Brand stature (the current power of a brand) is the result of esteem and knowledge. It indicates status and scope of the brand, and establishes a customer's response towards it.

⁴ Brand valuation is more finance than marketing. Because a brand is an intangible asset, its value is part financial measurement, part market ownership, part health check-up, and part fortune telling.

2. CUSTOMER and SUPPLIER PROFILE

One way to examine brand equity is from the perspective of the customer and this is based on the customer's knowledge, familiarity and associations with respect to the brand.

11. Do you agree that the concept of “the brand” is similar between goods and services, because it is defined as a blend of rational and emotional perceptions in consumers' minds, resulting from the same iterative positioning process? (Source: De Chernatony & Riley, 1999: 188).
12. Organizational buyers differ in many ways, including what they perceive to be important, the decision processes they follow, and the purchases they make. When making purchase decisions, certain attributes are of importance.
Please rank the following attributes from “1” (most important) to “6” (least important).

Attribute	Ranking
Branding	
Technology	
Price	
Availability	
Quality	
Delivery period	
Rank from 1 to 6. 1 = most important / 6 = least important	

13. Do you know where your customers get their information about services/products you provide? If yes, what mediums?
14. Do you know which of these sources “carry the most weight” for them? If yes, please explain.
15. Do you fully understand how customers experience your products/services when using them? Do you know what emotions the experience evokes, how it makes them feel and think?

THANK YOU FOR TAKING THE TIME TO PARTICIPATE IN THIS SURVEY, YOUR TIME AND EFFORT IS HIGHLY VALUED AND GREATLY APPRECIATED.

APPENDIX 3: BRAND EQUITY vs. BRAND VALUE

	BRAND EQUITY	BRAND VALUE
Measures	<ul style="list-style-type: none"> • Brand loyalty <ul style="list-style-type: none"> ○ price premium ○ satisfaction • Perceived quality <ul style="list-style-type: none"> ○ perceived quality and leadership/popularity) • Brand associations <ul style="list-style-type: none"> ○ perceived value, ○ brand personality ○ organisational associations • Brand awareness & market behaviour 	<ul style="list-style-type: none"> • Total financial value of the brand
Translates into	<ul style="list-style-type: none"> • Added/subtracted value • Favourable impressions • Influences profitability <i>(Yoo and Donthu, 2001:2)</i> 	<ul style="list-style-type: none"> • Higher market shares and consequent increased shareholder value <i>(Walgren, Ruble & Donthu, 1995:28)</i>
Advantages	<ul style="list-style-type: none"> • Affects confidence in purchase decision • The power of the brand in the marketplace 	<ul style="list-style-type: none"> • Addresses the health of the market, as well as • the health of the brand within a market. <i>(Wood, 2000:668)</i>
Synonymous with	<ul style="list-style-type: none"> • Brand strength 	<ul style="list-style-type: none"> • Competitive advantage • Measure of market power <i>(Wood, 2000:667)</i>
Perspective	<ul style="list-style-type: none"> • Consumer specific – what the brand means to the consumer • Historic perspective <ul style="list-style-type: none"> ○ Added value ○ Profit & revenue 	<ul style="list-style-type: none"> • Company specific – what the brand means to the focal company • Future perspective <ul style="list-style-type: none"> ○ Net present value ○ of future earnings stream of brand <i>(Wood, 2000:664)</i>
Significantly influenced by	<ul style="list-style-type: none"> • Overall satisfaction • Brand awareness <i>(Van Riel et al., 2005:843; Atilgan et al., 2005:241)</i> 	<ul style="list-style-type: none"> • Brand equity
Strategic Value and importance	<ul style="list-style-type: none"> • Incremental value of a product due to brand name <i>(Yoo & Donthu, 2001:2)</i> 	<ul style="list-style-type: none"> • Potential contributions and benefits that the brand can make to the company <i>(Wood, 2000:663)</i>

APPENDIX 4: SAMPLE BRAND VALUE CALCULATION

	Year 1	Year 2	Year 3	Year 4	Year 5
Market (Units)	250 000 000	25 875 000	267 806 250	277 179 469	286 880 750
Market growth rate		4%	4%	4%	4%
Market share (Volume)	15%	17%	19%	21%	20%
Volume	37 500 000	43 987 500	50 883 188	58 207 688	57 376 150
Price (\$)	10	10	10	11	11
Price change		3%	2%	2%	2%
Branded Revenues	375 000 000	450 871 875	531 983 725	621 341 172	625 326 631
Cost of sales	150 000 000	180 348 750	212 793 490	248 536 469	250 130 653
Gross margin	225 000 000	270 523 125	319 190 235	372 804 703	375 195 978
Marketing costs	67 500 000	81 156 938	95 757 071	111 841 411	112 558 794
Depreciation	2 812 500	3 381 539	3 989 878	4 660 059	4 689 950
Other overheads	18 750 000	22 543 594	26 599 186	31 067 059	31 266 332
Central cost allocation	3 750 000	4 508 719	5 319 837	6 213 412	6 253 266
EBITA (Earnings Before Interest, Tax and Amortisation)	132 187 500	158 932 336	187 524 263	219 022 763	220 427 638
Applicable taxes	35%	46 265 625	55 626 318	65 633 492	77 149 673
NOPAT (Net Operating Profit after Tax)	85 921 875	103 306 018	121 890 771	142 364 796	143 277 965
Capital Employed	131 250 000	157 805 156	186 194 304	217 469 410	218 864 321
Working capital	112 500 000	135 261 563	159 595 118	186 402 351	187 597 989
Net PPE	18 750 000	22 543 593	26 599 186	31 067 059	31 266 332
Capital Charge	8%	10 500 000	12 624 412	14 895 544	17 509 146
Intangible Earnings	75 421 875	90 681 606	106 995 227	124 967 243	125 768 819
Role of Branding Index	79%				
Brand Earnings	59 583 281	71 638 469	84 526 229	98 724 122	99 357 367
Brand Strength Score	66				
Brand Discount Rate	7.4%				
Discounted Brand Earnings	55 477 916	62 106 597	68 230 515	74 200 384	69 531 031
NPV (Net Present Value) of Discounted Brand Earnings (Years 1 - 5)	329 546 442				
Long-term growth rate	2.5%				
NPV of Terminal Brand Value (beyond Year 5)	1 454 475 639				
BRAND VALUE	1 784 022 082				

Source: Lindemann, 2004:8.