

Will it Fly?® Educational Brief

Module: Brand Strategy

Section: Brand Equity

Brand Equity refers to the value of your ownership in your brand. Brand equity includes both tangible and intangible elements: name, logo/symbol, slogan/tagline, awareness of your brand, customer loyalty, established relationships and perceived value of your brand by your customer. Brand equity results after years of investing in your brand's message, and the associations that are made with that brand name. These elements represent actual cash value to your company.

Look to brand names like Apple, Nike, and Netflix, and you will see how the name alone represents all the tangible and intangible elements behind the name. These are critical brand elements that you want to nourish and protect in order to maintain and control the value of your brand, making investment in trademarks to protect the value of your brand and individual elements worthwhile. Obtaining trademarks is a process that requires the assistance of a lawyer specializing in Intellectual Property. You can get more information on trademarks at the U.S. Patent and Trademark Office.

Brand equity gives you several platforms from which to outsell your competitors. The first is financial, which measures how much more the consumer will pay for your brand name alone (in preference to a generic product). Promotional costs must be figured into this measurement method.

Another is brand extensions, where your brand is useful as a springboard to launch associated products. You can leverage the awareness and image of your existing product, and save money on advertising as well. The consumer perceives a less risky transaction in trying your new product. Another benefit of branding extensions is heightened awareness of your original brand.

The third is consumer-based. As the consumer gets to know and trust your original brand, they are building what is called 'attitude strength.' They will pick up a trial size and use it with an expectation of high quality.

GONZBERGAGENCY

Watch out for negative brand equity! Once a product has acquired a bad reputation, formerly loyal customers will require a deep discount to purchase your brand over generic.
