Global Branding: Opportunities for Cross Disciplinary Research Collaboration

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I. Introduction

- Marketing and Firm Value: Metrics, Methods, Findings, and Future Directions
- Conceptualizing, Measuring, and Managing Customer-Based Brand Equity
- Customer Equity: An Integral Part of Financial Reporting
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The marketing profession is being challenged to assess and communicate the value created by its actions on shareholder value. These demands create a need to translate marketing resource allocations and their performance consequences into financial and firm value effects. The objective of this article is to integrate the existing knowledge on the impact of marketing on firm value. The authors first frame the important research questions on marketing and firm value and review the important investor response metrics and relevant analytical models as they relate to marketing. Next, they summarize the empirical findings to date on how marketing creates shareholder value, including the impact of brand equity, customer equity, customer satisfaction, research and development and product quality, and specific marketing-mix actions. Then, the authors review emerging findings on biases in investor response to marketing actions. They conclude by formulating an agenda for future research challenges in this emerging area.

Keywords: marketing and firm valuation, financial performance, market valuation modeling, return on marketing investment, empirical
Figure 1. Marketing Strategy: A Platform for Value Creation, Communication, and Delivery
Kevin Lane Keller

Conceptualizing, Measuring, and Managing Customer-Based Brand Equity

The author presents a conceptual model of brand equity from the perspective of the individual consumer. Brand equity occurs when consumers react more (less) favorably to an element of the marketing mix for the brand than they do to the same marketing mix element when it is attributed to a fictitiously named or unnamed version of the product or service. Brand knowledge is conceptualized according to an associative network memory model in terms of two components, brand awareness and brand image (i.e., a set of brand associations). Customer-based brand equity occurs when the consumer is familiar with the brand and holds some favorable, strong, and unique brand associations in memory. Issues in building, measuring, and managing customer-based brand equity are discussed, as well as areas for future research.
Figure 2. Branding Strategy: A Platform for Building Customer-Based Brand Equity (CBBE)

- Brand Relationships
- Brand Response
- Brand Meaning
- Brand Identity
- Brand Resonance
- Judgment
- Feeling
- Performance
- Imagery
- Brand Salience
- Active Consumer Loyalty
- Positive reactions
- POP/POD
- High Brand Awareness

independent variable + Mediating variable = Dependent variable
Customer Equity: An Integral Part of Financial Reporting

Recent initiatives demand information that supplements and complements a firm’s financial statements to bridge the gap between financial statement capabilities and financial reporting objectives. Such information assists investors’ decision making by explaining the main trends and factors that underlie the development, performance, “consumers” of financial reports—to monitor firms’ performance with respect to their customer assets. Furthermore, they develop a specific model for Netflix and apply it to quarterly data from September 2001 to September 2006.

Keywords: customer equity, decomposition, financial reporting, customer lifetime value
Figure 3. Brand Equity and the Value of the Firm

Differencial Customer Response

\[ \text{Costumer Based Brand Equity} + \text{Other Sources of Brand Equity} = \text{Brand Equity} \]

Stock Price \times \text{Outstanding Share} = \text{VALUE OF THE FIRM}
V. Methodologies for Measuring Brand Equity

- In Search of a Reliable Measure of Brand
- EquityBrandZ and Interbrand Valuation Process
  - http://www.interbrand.com
VI. Future Research Directions

1. Comparing the different measures of brand equity

2. Understanding the stock market impact of various metrics of return on marketing investment

3. Understanding the stock market impact of known marketing phenomena such as diffusion of innovation

4. Prescribing the critical marketing information elements that should be made available to investors

5. Understanding the volatility component of firm value
Selected References