



Contents lists available at ScienceDirect

Industrial Marketing Management



Managing industrial brand equity: Developing tangible benefits for intangible assets

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ARTICLE INFO

Article history:

Received 15 September 2008
 Received in revised form 8 March 2009
 Accepted 2 June 2009
 Available online xxx

Keywords:

Brand equity
 Intangible assets
 BrandAsset Valuator

ABSTRACT

Young and Rubicam's (Y&R) BrandAsset Valuator® (BAV), commonly used to assess brand equity in consumer markets, was applied to assess the brand health of an industrial B2B supplier. Customers were asked questions about perceived esteem, relevance, knowledge and differentiation of the company to find its strengths and weaknesses. The results were then plotted to reveal the overall customer perception of the company and also its competitors. Through this plot, the strategic direction how to improve the brand equity of the company became clear. Evidence suggests that the BAV can be used in industrial markets to assess the brand equity of the firm.

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1. Introduction

The concept of brand equity, or the sustainable added value of a brand name, has been the focus of marketing since the early 1990s (e.g., Aaker, 1996a; Keller, 1993). Some of the major interdependent factors that contribute to brand equity in consumer markets are brand awareness, brand association, perceived quality, and brand loyalty. What every marketer is very interested in is loyalty. Measuring the equity of a brand and determining its value are a must for predicting the loyalty of one's present customers and also acquiring new ones. While most of the brand equity literature pertains to consumer markets, it is clear there is great relevance of the concept of brand equity to industrial markets (e.g., Rauyruen & Miller, 2007), as both types of marketing organizations are concerned about acquiring new customers and keeping current ones highly satisfied.

The B2B and buyer behaviour literature highlights the value of tangible and intangible brand assets in creating brand equity. Both types of assets affect the customer's perception in regards to product performance, distribution, services and company image. What differentiates companies in both markets goes far beyond the easily measured tangible dimensions of objective product quality and price (Frederick, 2004; Michell, 2001; Mudambi, 1997). The intangible concepts of relationship quality and relationship value are well articulated and integrated to the B2B literature (e.g., Walter, Ritter & Gemunden, 2001; Walter et al., 2003; Ulaga & Eggert, 2005). Capturing the value of these intangible assets and using that information in a concrete manner to improve the standing and perception of the company is a primary goal in industrial brand management.

The concept of branding B2B companies is not new (Mudambi, Doyle & Wong, 1997; Mudambi 2002), but prior studies have not measured the brand equity of the company as a whole, especially focusing on intangible assets. It is the purpose of this study to broadly measure the tangible and intangible assets that make up the brand equity of an industrial company in order to be diagnostic and predictive about how customers perceive the value of the firm. The tool that is chosen for this task is the Young and Rubicam (Y&R) model which values brand equity for thousands of consumer brands around the world, mainly in the consulting domain (Value Based Management, 2005). While brand valuation has been clearly established for consumer products through the Y&R BrandAsset Valuator® (Aaker, 1996b), a comprehensive approach to industrial brand valuation, including specific dimensions relevant to industrial brands, has not been established using this methodology.

Adapting the Y&R BrandAsset Valuator® (BAV) (1994) to measure industrial brand assets can help identify what makes the company distinct; identify the dimensions of the brand/company that help to differentiate it from competitors; and can help the marketing and branding efforts to identify strengths and improve weaknesses within the company. Using this brand diagnostic tool frequently can help monitor the progress of the branding efforts and manage the brand strategy accordingly. Identifying and managing a brand's tangible and intangible assets can help to increase company profitability, customer retention, and also affect brand perception in the community.

This paper presents an initial exploratory study which examines the application of the Young and Rubicam BrandAsset Valuator® to an industrial company in a B2B environment, in order to measure the company's brand assets and generate a brand management strategy to increase the strength of customer relationships. The manuscript outlines branding in the B2B literature, and then briefly reviews the concepts of tangible and intangible assets to B2B and how they may be measured. The Y&R BAV, as a measure of brand equity, and its relevant dimensions are discussed. The application to the B2B domain is then carried out

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