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Customer-based Brand Equity in Digital Age: A Conceptual Approach

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Abstract
Although there has been a lot of research done to understand how to create a corporate brand that can generate profits for the company, there are still few studies that examine how brand equity is created and measured in the digital era full of internet. This study aims to broaden the conceptual framework regarding existing consumer-based brand equity by combining several constructs from a cognitive perspective and also conceptual perspective on brand equity and implementing them in online-based companies in the current digital era. Method Spoken in research this is method descriptive, with collecting data used is with use conceptual review that later on reference theory gained will made as foundation basic in get results research. Results of research put forward that in equity brand based on consumers in the digital age need to be it is modification of the model from the equity model brand traditional with add online elements like manufacture and website enhancement and more emphasize on trust consumers. Implications from this research, that must it is attention more big about how company create the brand equity on companies online-based, so brand permanent will become the main capital companies that can create great value to company.

Keywords: Brand Equity, Consumer-Based Brand Equity, e-Commerce, Digital Age

1. Introduction

The main capital of a business is a brand (Tauber, 1988). Brands are increasingly known as the company’s main assets because they can create more than 60% value for the company (Halliburton & Bach, 2012). This is what underlies that brands are very important, not only for producers but also for consumers. Brands will make it easier for consumers to make purchases. Consumers do not have to evaluate all existing products every time they make a purchase. Brands can convince consumers that they will get a consistent quality when they buy a product with a certain brand (Rangkuti, 2002: 5).

Throughout 2000 to 2015, internet penetration in the world rose nearly seven times, from 6.5 percent to 43 percent of the total world population. The portion of households with internet access at home rose from 18 percent in 2005 to 46 percent in 2015.
Internet is said to make the brand become irrelevant, where consumers now have access to free and without limits on information product, be it price, product characteristics and tools (e.g., price comparison) as well as access to a large number of suppliers (Chen, 2001; Dussart, 2001).

Apart from the dotcom industry disaster in early 2001, and despite the final prediction of brand management as a result of e-commerce, the brand proved to continue to provide value to the company (Rios & Riquelme, 2010).

Although there is more speculation that e-commerce has a big impact on brands, where brand management is called outdated in the digital era today, with the emergence of new media and new techniques such as interactive marketing that makes traditional brand management become less effective (Sealey, 1999; McKinsey, 1994). In addition, with the emergence of new corporate brands such as Amazon.com, Yahoo, Google, eBay, Facebook in this digital era and especially with the ownership of very large brand equity, which immediately puts them far above the offline companies (Rios & Riquelme, 2010).

As markets evolve and produce new types of competition, namely competition involving pure internet companies and other companies using a brick and click combination strategy, it is suspected that companies need more than just brands (Rios & Riquelme, 2010). With a competitive business environment in today’s digital age, brand equity become one of the main issues in most research in the field of marketing because brand equity will create value for companies and customers (David A. Aaker, 1991).

Company in the digital age should be able to create and use a digital force to build the company’s brand, brand equity have some specific and different things associated with the brand for online retail companies, for example, related to the design of the website. Website is the most effective means to make brand digital assets, the download website design, companies must pay attention to important things such as security, accessibility, navigation (Page & Lepkowska - White, 2002; Budiati, 2017).

Therefore, this research will put more emphasis on customer-based brand equity in the digital era or more precisely on companies that are engaged in e-commerce, where trust plays an important role. Because in the type of offline business, consumers can interact with the physical and tangible features of the product to form different beliefs from online businesses (Berry, 2000). A thorough understanding of brand equity from the consumer’s point of view is very important for managing the brand in order to be successful. Keller (1993: 8) suggests that high consumer-based brand equity can have a good impact on companies such as greater income, lower production costs, and higher profits.
2. Literature Review

2.1. Branding

A brand is the name or symbol used to identify a product. When developing new products, branding is an important decision. This is because brands can add significant value if they are well recognized and have a positive association in the minds of consumers (Matin, 2016).

Brands are said to be complex phenomena, because not only as a product, but also as a unique property of a company and have been developed from time to time so that it can embrace a set of values and attributes that are meaningful both tangible and intangible and differentiate products appropriately with products similar (Murphy, 1990). Brand is an important factor in competition and is a valuable corporate asset. Brands are also very influential in creating competitive advantage through its capabilities in the minds of consumers. Besides that the brand can also be used to provide product differentiation from its competitors (Inong, 2009: 78 in Nugrahaini, Adiarni, & Najamuddin, 2014).

Therefore, branding said to be more than a company name and logo. But also the promise of the organization or company to consumers to realize what it means brand, not only in terms of social benefits. More than that, brand also a journey, a developing relationship based on the perceptions and experiences that consumers get each time they relate to brand. (David A. Aaker, 2014). Function of branding itself is to shape perceptions to consumers. The first step pursued is building awareness, build image, build preference, and the last is build loyalty. Classification branding own variety, namely city branding, corporate branding, environment branding, product branding, internal branding, personal branding, and others (Budiati, 2017).

The image of a brand can influence consumers in a consumption situation and can be a means to convey positive and negative attributes related to a product, for example the quality of the product or the associated value. (Graeff, 1997; Erdem & Swait, 1998; Dodds, Monroe, & Grewal, 1991). A strong brand will be more accessible to consumer memory, and consumers will be able to make relatively good choices without too much effort (Herr, Kardes, & Kim, 1991). Consumers also sometimes rely more on the name of a brand as an indication of quality than other information (Zeithaml, 1988).
2.2. Digital branding

Arrival digital age this is challenge big for brand of a company for make use of world that without limit in marketing activities and brand management. Digital age actually can help create better relationships between consumers and producers (Budiati, 2017). The internet as a communication medium provides various benefits to users, including to do Digital Branding. Digital branding or often called e-branding, internet branding or i-branding, is defined as a brand that has an online presence (Rowley, 2009).

Digital branding is a brand identity used by a product or company online, which is different from traditional brands. Dayal, Landesberg, & Zeisser (2000) suggested that on the world wide web, the brand is the experience and the experience is the brand. According to Chaffey (2008) digital branding about how online channels are used to support brands, which in essence is a combination of a number of product, service, or organizational characteristics as perceived and experienced by users, customers, or other stakeholders.

Digital Branding including the selection of names, logos, colors, slogans and other aspects that can affect the business. The choice must be unique and interesting so that it can always be embedded in the mind of someone (Kartika, 2012). The success of digital branding depends on what a company wants to achieve through a digital branding strategy, and a clear online goal of a brand. Chernatony & Christodoulides, (2004) suggested that a company can gradually develop digital branding, starting with a basic site that can provide security for a brand’s online presence, then develop a website by offering greater opportunities for brand involvement through interactive opportunities, transaction facilities and online communities. On the other hand, it is important to remember that in online channels, marketing communications, services, and customer relationships can all be delivered together.

In addition Dayal, Landesberg, & Zeisser (2000) provide different perspectives on brand image goals through the concept of brand promise. They suggest that companies that are on e-commerce can make certain types of promises through online channels, such as convenience, achievement, fun and adventure, self-expression and recognition, and belonging. In addition, in digital brands, many companies use corporate brand websites as a digital branding strategy, because investing in corporate brands will provide the opportunity to expand the brand through various products and services, so that this is considered more efficient (Leitch & Richardson, 2003); Ward & Lee, 2000). This is because, corporate a strong brand can contribute to addressing the challenge
of information overload and decreased efficiency of the media (Kollmann & Suckow, 2007).

2.3. Brand equity

Brand equity was first introduced by Farquhar (1989: 24), which is the added value to the firm, the trade, or the consumer with which a given brand endows a product, whereas in a market, brand equity is defined as loyalty, namely the willingness to someone to continue to purchase your brand or not. Aaker (1991) said brand equity is a set of assets and liabilities related to brands, names and symbols, which adds or reduces the value provided by the product or service to the company and / or company customers. According to Astuti & Cahyadi (2007), brand equity is a set of associations and behaviors that are owned by brand customers, members of distribution channels, and companies that allow a brand to gain strength, endurance, and excellence that can differentiate with competing brands.

Brand equity associated with a known brand name, image quality, strong brand associations, and other assets such as patents and trademarks. If customers are not interested in one brand and buy because of product characteristics, price, comfort, and with little care for the brand, the possibility of brand equity is low. If customers tend to buy only one brand even if faced with competitors who offer superior products, for example in terms of price and practicality, the brand has high equity value (Astuti & Cahyadi, 2007: 146).

Brand equity has been viewed from various perspectives. The first perspective uses the concept of brand equity in the marketing decision making process. The second perspective is financial based and looks at brand equity in terms of future cash flows that will result from branded product revenue compared to income that will occur if the same product does not have a brand name (Simon & Sullivan, 1993). The success of a strategy in building brand equity depends on two aspects of branding, namely communication to external parties (through effective brand communication) and communication to internal parties. According to David A. Aaker in Kotler & Keller (2006), brand equity can grouped into five categories, namely: brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets (royalties, licenses, and the like).
2.4. Customer-based brand equity

Keller (2003: 60) argues that consumer-based brand equity (CBBE) is a term that is made to separate the notion of brand equity based on finance. It is stated that this is the differential effect that brands have on consumer response to the marketing of that brand. Consumer-based brand equity is defined from the customer’s perspective and based on consumer knowledge, familiarity and association relationship with the brand, which is where a brand has value, and that assessment must be created (Washburn & Plank, 2002).

Customer brand equity emphasizes the customer’s mindset such as perceived awareness, quality, attitude, preferences, attachments, and loyalty. Yoo & Donthu (2001: 2) argues that customer-based brand equity represents cognitive measurement of brand equity and behavior through consumer surveys. Whereas Pappu, Quester & Cooksey (2005) suggested that developing further insights on measuring consumer-based brand equity is important for companies in creating brand excellence. Because based on the consumer’s perspective, brand equity can facilitate consumers in determining the choice of a product or the desired satisfaction (David A. Aaker, 1991).

Shocker & Weitz (1988) suggested that consumer-based brand equity consists of two dimensions, namely brand loyalty and brand image. While Keller (1993) said that consumer-based brand equity occurs when consumers know the brand (high level of awareness), know it and keep in mind the strong, positive and distinctive brand associations. The dimension of consumer-based brand equity proposed by Keller (1993) consists of brand knowledge, comprising brand awareness and brand image. Another opinion was expressed by Yoo & Donthu (2001) which suggested that the dimensions of consumer-based brand equity are brand awareness, brand loyalty and perceived quality. While recent studies suggest that consumer-based brand equity consists of four dimensions, namely brand awareness, brand associations, brand loyalty and perceived quality (David A. Aaker, 1991; Keller, 1993; Pappu et al., 2005; Tong & Hawley, 2009).

3. Research Methods

It can be said that research on consumer-based brand equity has been widely analyzed from a variety of different perspectives depending on the unit of analysis, internal objectives and strategies of the company or organization; internal and external marketing activities, especially marketing communications; and other stakeholder-based brand equity both at corporate companies and other offline companies, as well as brand
equity in developing and start-up companies. Therefore, this research will focus more on consumer-based brand equity in the digital era, more precisely on companies that are hot in the online field.

Basically, this study aims to broaden the conceptual framework regarding existing consumer-based brand equity by combining several constructs from a cognitive perspective and also conceptual perspective on brand equity and implementing them in online-based companies in the current digital era. Based on these objectives, the method suitable for this research is descriptive method. Collecting data in this study using conceptual review, which with the literature study study of this concept, researchers will look for relevant theory references to the case or problem found. The theoretical references obtained from the study of literature on the concept of the study will later be used as a basic foundation in obtaining research results.

4. Results and Discussion

4.1. Brand equity development

Kraft brand equity has been used since the 1980s by advertising practitioners (Barwise, 1993). However, content, meaning and measurement of brand equity that can be universally accepted has not met the light (Vázquez, del Río, & Iglesias, 2002; Keller, 2003; Washburn & Plank, 2002). Conceptualization of the brand equity continues to grow following the development, up to p exists today where the concept of brand equity has reached an agreement, which is said to be a phenomenon that will create added value for a product based on perceptions and consumer associations to the brand (Winters & Winters, 1991; Chaudhuri & Holbrook, 2001).

Brand equity has three important roles, namely (a) acts as a magnet to attract new customers to the company, (b) serves as a reminder to customers about the products and services provided by the company, and (c) the emotional ties of customers with the company (Lemon, Rust, & Zeithaml, 2001). A high level of brand equity is known to lead to consumer preferences and high buying intentions and higher returns and stock returns (Cobb-Walgren, Ruble, & Donthu, 1995; DA Aaker & R. Jacobson, 1994; Srivastava & Shocker, 1991). High brand equity will also provide opportunities for perus apany to do successful extensions, resilience against competitor’s promotional pressures, and creation of barriers to competitive entry (Farquhar, 1989).

Recently, brand equity has been increasingly defined in a consumer-based context, which defines brand equity as a brand value for consumers (David A. Aaker, 1991;
Keller, 1993; Cobb-Wal gren et al., 1995; Van Osselaer & Alba, 2000). Mahajan, Rao, & Srivastava (2003) claim that customer-based brand equity can be measured by the level of customer perception. Pappu, Quester, & Cooksey (2005) suggest that developing further insights on measuring consumer-based brand equity is important for companies in creating brand excellence. Because high consumer-based brand quality in a company can provide many benefits such as long-term revenue, the willingness of customers to find new distribution channels themselves, the company's ability to increase prices and the effectiveness of marketing communications (Keller, 2003).

4.2. Brand equity in online companies

Practitioners who have reviewed e-commerce practices in the early years concluded that companies in the e-commerce business can build brand awareness, foster customer commitment, create a superior reputation and provide exceptional value (Carpenter, 2000). Increased media networks and the popularity of social is an issue and needs attention because it will give to management of brand equity (Van Osselaer & Alba, 2000). The internet allows consumers to access information freely about the quality, features and reliability of products by using an online database that can take the form of reviews from other consumers and product rankings (Chen, 2001).

The unique nature of the e-commerce business environment makes it (1) easy to apply to online business models; (2) easy to get information; and (3) it is difficult to assess the trust or legitimacy of online companies. Without brand equity, e-commerce businesses cannot distinguish themselves and will be grouped in a commodity environment. Although brand equity is an important asset for traditional businesses, it may be a more important asset for e-commerce businesses (Hilton, 2001; Mazur, 2001; Mitchell, 2000; Sealey, 1999b; Sweeney, 2000).

4.3. Model of consumer-based brand equity (CBBE)

Brand equity model based on consumer perception has been extensively studied in the past 20 years because of their disagreement with respect to the dimensions, the number of dimensions and the definition of brand equity itself. Some researchers debate the conceptualization of brand equity based on five factors, namely social image, value, performance, trustworthiness and attachment (Lassar, Mittal, & Sharma, 1995). Whereas according to Aaker & Joachimsthaler (2000) the dimensions of brand equity consist
of only four, namely brand loyalty, brand awareness, brand associations and perceived quality.

![Diagram of Brand Equity](image1)

**Figure 1**: Source: (David A. Aaker & Joachimsthaler, 2000).

Another opinion expressed by Motameni & Shahrokhi (2000) which combines Aaker model and Simon & Sullivan model, this model deduces brand equity as shown below

![Diagram of Brand Equity](image2)

**Figure 2**: Source: (Motameni & Shahrokhi, 2000).

While Keller (1993) defines consumer-based brand equity as a concept that shapes how consumers think and feel about products or services that rely on positive experiences in them. The company must create a situation where customers will have positive
thoughts, feelings and perceptions about the brand. Model Keller’s deduces brand equity into 6 parts, namely brand salience, brand performances, brand imagery, brand feelings, brand judgments and brand relationships.

![Diagram of Keller's model of brand equity](image)

**Figure 3:** Source: (Keller, 1993).

Another opinion is given by Yoo & Donthu (2001) which defines consumer-based brand equity in 3 components, namely marketing mix elements selected from the traditional "4p" marketing activity (price store, image, distribution intensity, advertising spending, and price deals), brand equity dimensions (perceived product quality, brand loyalty, and brand awareness / associations) and overall brand equity.

![Diagram of Yoo & Donthu's model of brand equity](image)

**Figure 4:** Source: (Yoo & Donthu, 2001).

Whereas Wang & Finn (2013) gave different opinions regarding the dimensions of consumer-based brand equity (CBBE), in which there are 7 dimensions that influence
consumer-based brand equity. In addition, this model provides an overview of the impact that will be given by the CBBE, namely future brand loyalty and premium future prices.

![Diagram](image-url)

**Figure 5**: Source: Luming Wang and Adam Finn (2013).

### 4.4. Model of consumer-based brand equity (CBBE) in the digital era

Several theoretical and empirical studies have tried to identify the sources of brand equity and variables that can influence the source of brand equity in the digital era, especially in companies engaged in online business (e-commerce). Page & Lepkowska-White (2002) suggests that web equity (brand equity for e-commerce) can be made similar to brand equity in offline products, by influencing two image and awareness dimensions, and proposing that loyalty is the result from web equity. This is reinforced by the research of Na & Marshall (2005), which strengthens Page and Lepkowska-White's opinion that brand equity is conceptually the same for any brand, and that the brand equity model that works for offline products and services can also be implemented in the online domain.
This model shows that the dimensions of consumer-based brand equity in online companies consist of brand awareness, brand associations (in the form of perceived value and trust) and loyalty. Awareness, Brand equity, both online and offline, cannot be made unless consumers recognize and remember brand-forming associations in their minds. Therefore, it is not surprising that online companies spend a lot of money on advertising in the early days of doing business e-commerce.

Whereas what is meant by brand association here is the value, value propositions can be in the form of competitive prices, convenience, accuracy and quality of product information (Burke, 2002; Ward & Lee, 2000), value for money (Zeithaml, 1988), shopping convenience, customer service, a variety of specialized products (Anckar, Walden, & Batalsi, 2002). Besides that in e-commerce business, trust is an important factor (Ha, 2004; Tan & Sutherland, 2004; Pennanen, Tiainen, & Luomala, 2007).
4.5. Loyalty

Customer loyalty has been considered as the basis of brand equity, because the value of a brand is worth as much as how many consumers can pay the asking price (Aaker & Joachimsthaler, 2000; Clarke, 2001). Loyalty involves a component of behavior and attitude in the customer (Jacoby & Chestnut, 1978; Keller, 1993) which is measured by repeated purchases and ends with a positive attitude toward the brand which is reflected in active word-of-mouth involvement about the company (Clarke, 2001).

4.6. Web functionality

The functionality here refers to elements of website design that make web usage fun and enjoyable such as website design, ease of use, ease of navigation and ordering process (Carrie Heeter, 2000; Dabholkar, 1996; Kaynama & Black, 2000; Zeithaml, Parasuraman, & Malhotra, 2002; Choate, 2000). Different web functionalities have the capacity to create unforgettable experiences in the minds of consumers that will generate great brand awareness and will later have a good impact on sales and also create loyalty (Berry, 2000; Ranganathan & Grandon, 2002).

4.7. Fulfillment

This fulfillment refers to the aspects of delivery that are related to the purchasing process (Maltz, Rebinovich, & Sinha, 2005). Whereas from the consumer’s point of view, fulfillment in online business means that the seller delivers the product they promise to the buyer. Some companies online, realize that the problem is fulfillment very important because it will cause dissatisfaction, distrust, or termination of relationships, so they are very careful (Pitta, Franzak, & Fowler, 2006). This is what proves that fulfillment (keeping promises) is very important in relationship marketing and more specifically, service relationships which can create value for consumers and companies (Brodie, Glynn, & Little, 2006; Davis, Buchanan-Oliver, & Brodie, 2000; Grönroos, 1996).

Online customer support service. From opinion of Jarvenpaa, Tractinsky, and Vitale (2000) which maps the internet store as a sales person, which causes it customer support service indirectly can affect the source of brand equity in the company online. Because in an environment that is rich in information such as the world of the internet, the content of information may be very much, so providing contact with real people will provide benefits to eliminate doubts from consumers and can create bonds between
consumers and online companies thereby reducing barriers to trust and creating loyalty (Pitta et al., 2006).

Whereas (Kim, Sharma, & Setzekorn, 2002) make modifications to Keller’s model of consumer-based brand equity by adding aspects related to e-commerce. Based on the model Keller’s brand equity is formed by awareness and knowledge. This model suggests that brand equity leads to differential effects (eg, choice, inclusion in the consideration set) because consumers are aware of and have knowledge of the brand (ie, strong, favorable and unique brand associations). However, because the environment faced here is an online environment, which indirectly to achieve brand awareness and knowledge, there needs to be a different strategy from traditional companies.

![Diagram of brand equity model](image)

**Figure 7:** Source: (Kim et al., 2002).

The first step in building brand equity for online companies is to create brand awareness. Before a company can be included in a consideration, consumers must first be aware of the brand itself. **Search engines.** Search engines that dominate the internet today will be very helpful in creating awareness about the company. They
direct consumers to s relevant and thus create exposure for companies online. **Online advertising.** For online-based companies, advertising decisions are important and may involve choosing the right place.

**Word-of-mouth and word-of-mouse.** The creation of brand awareness can also be enhanced by word-of-mouth. Unlike other forms of communication, word-of-mouth will direct the information to the higher direction of ingatan (Herr et al., 1991), so that consumers will not consciously choose or remember an online company or a particular product. A new concept that is in line with word-of-mouth, namely word-of-mouse can be used by companies in the online environment. Companies can increase awareness of brands and companies by spreading the word about it through social media (Helm, 2000).

**Cross-promotion.** The increasing use of cross promotion in the online business environment, in addition to aiming to reduce costs also provides wider opportunities to introduce products or services to different consumers. Two important aspects in implementing cross promotion are companies can help consumers to explore products that relate to products that consumers will buy, and these products provide social proof for consumers. Assuming that the specific product purchased by many people, and his company will shortly ampilkan when consumers are shopping. This is a strong incentive for consumers to add these products to their shopping carts.

The second step in building brand equity is to improve the knowledge (knowledge) about the company's customers. The aim is to enhance the positive image of the company from consumers by connecting strong, profitable and unique features with the brand name. **Quality and Brand Equity.** Consumer perceptions of a product and service quality of the company will create strong and unique associations in their minds. High quality products or services will make customers satisfied and reward companies with repeat purchases, and will spread positive word-of-mouth (Evans, 1998). An additional product that is important for online companies is a website. Companies need to create high-quality websites or improve the quality of existing website, because a website is the only way and the integration doing business online.

**Trust and Brand Equity.** The cost of getting customers is significantly higher in the online business environment than in traditional retail channels (Reichheld & Schefter, 2000). Trust will lead to customer loyalty (Reichheld & Schefter, 2000). The value of loyalty will be higher in the online environment than in the physical world because of the high cost of customer acquisition and the level of people who switch brands is also higher (Rafiq, Fulford, & Lu, 2013). Building online trust requires companies to always act in the best interests of customers, which involves a series of corporate interactions with customers (Hoffman, Novak, & Peralta, 1999; Reichheld & Schefter, 2000).
5. Conclusion

Online environment to facilitate the company to replicate its business model, me eh consumers to obtain information, and make it difficult to assess consumer confidence or legitimacy of an online company. Because brand equity reduces these online characteristics, or immunizes a company from its effects, this is very valuable. Because brand equity is difficult to build, distribution and mobilization do not move heterogeneously. Thus, brand equity meets all three conditions as strategic resources. Customer-based brand equity is an important concept that has become the basis for much research on branding. However, we live in an increasingly connected world, both globally and mobile that has brought new challenges and opportunities for research on branding. How the current brand model is created, measured and managed needs to be expanded to incorporate this new challenge and reality.

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