7

BRANDING DYNAMIC: BUILDING THE MOST VALUABLE ASSET IN BUSINESS

FAUZIAH SHAIK AHMAD

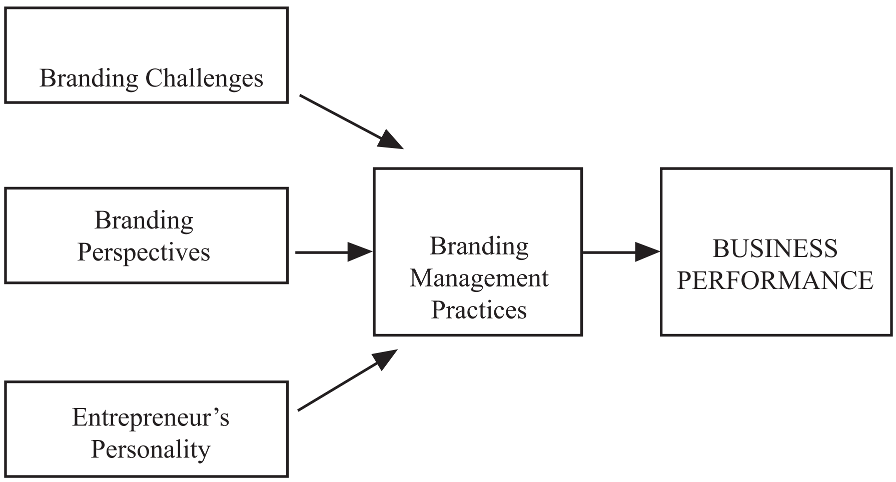
INTRODUCTION

Businesses all over the world are recognising the phenomenal value of brand as a driver for profitability. A strong competitive brand differentiates a company from its rivals, attracts attention, represents quality, generates confidence and gains consumers' loyalty. As a complex mixture of both tangible and intangible attributes, brand involves every touch points between the marketer and consumers allowing the development of relationships pertinent for long term profitability and sustainability of a business. Significant literature reviews in marketing have substantiated that branding management have become a very important strategy to transform transactional marketing into relationship marketing and ordinary companies to be successful companies (Aaker, 1996; Keller, 2003; Gregory, 2004).

The eventual result of effective branding explains the establishment of big names from the West, such as Coca-Cola, Microsoft, Intel, Disney, Mc Donald's, Mercedes and Nike. Likewise, in Asia, renowned brands include Toyota, Honda, Samsung, and Sony. Rationally, branding should be the main focus for businesses, big or small, that aspire to be ahead of their competitors to vie for better market share and profitability. As brand is not meant for big businesses only, small and medium enterprises (SMEs) must also find ways to be effective with their branding strategies as they are also part of the players competing in the industries. This is particularly critical when considering the high failure rate of new ventures in the market with some estimates indicating that 80 to 95 percent of products fail to become sustainable brands.

However, unlike what has happened in advanced countries, the interest in branding in Malaysia is still at its early stages. The branding concept and its management are still not well understood or embraced by many companies, particularly the SMEs. In exploring and explaining the significance of branding as a strategic element or a prerequisite for business performance, this discussion will focus on the concept of *branding dynamic* as a strategic branding development model. The concept is based on the premise that branding challenges, entrepreneurs' personality and branding perspectives are antecedents to branding management practices and consequently the actual branding practices affects business performance. It also deals with an important consideration in branding which is the role of the entrepreneurs or owner-manager as the major catalyst in the development of brand, particularly in shaping the brand personality and images. After all, many businesses rely on the enthusiasm, creativity and strong personality of the founder entrepreneurs to push for the next success level. Strong personalities such as Tony Fernandez of AirAsia, Rozita Ibrahim of Sendayu Tinggi, and Steven Sim of Secret Recipe depict the vital role of the entrepreneur in branding process.

The branding dynamic model as shown in Exhibit 1 synthesises theories from previous researches particularly from disciplines of marketing, branding, entrepreneurship and management to present a more holistic perspective of the issue. It reflects behavior theories that suggest individual personality, beliefs and circumstances determine behavior or practices. It is also based on Vroom expectancy theory that explains efforts to performance relationship (Robbins and Coulter, 2003; Daft, 1997; Dressler, 2004) and resource based view (RBV) that rely on strategic resources of firms such as branding strategy to gain competitive advantage.



Source: Developed for this discussion

Exhibit 1 : The conceptual framework of Branding Dynamic

THE CONCEPT OF BRAND AND BRANDING

A brand is not just a distinguishing name, logo term, sign and symbol intended to identify goods or services but rather a complex mixture of tangible and intangible attributes and associations that leads to awareness, reputation and prominence in marketplace for an intended relationship. It involves all the touch points between customers and the company. This definition is consistent with views from Aaker (1991), Keller (2003), Roll 2006, and Temporal 2006.

Jevon (2005) explains that according to the Oxford English dictionary the word brand originates from the Germanic "brandr" or the mark made by burning hot irons while the brand definition by American Marketing Association reads: "A Brand is a name, term,

chapter-7.indd 139 3/11/09 8:08 PM

sign, symbol or design which is intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors". However, some scholars believe that this definition is too "product oriented" and disregard the aspects of communication, intangible components and consumers' opinions (Jevon, 2005). These lacking are addressed by Haigh and Knowles (2005) when they explain that brand and branding may takes any of the following stages in Exhibit 2 which focus on the rights of brands and what it represents.

Stages	What Brand Represents	Brand Scope
Stage 1	Brand is about "a logo and associated visual elements"	Basically trade names, trade symbols or trademark legally protected by a company and associated with positive values to differentiate a company from competitors
Stage 2	Brand is about "a larger bundle of trademark and associated intellectual property rights"	The "property rights" of brand covers beyond the logo to include intangible rights such as specific expertise, business models, contracts and others.
Stage 3	Brand is about "a holistic company or organisational brand"	Brand is about all of the above and the organisational "branding culture" that includes people and programs particularly the leadership. The consequence on branding is not limited only to customers but also include all relevant stakeholders.

Source: Haigh and Knowles (2005)

Exhibit 2: Stages in Brand definitions

Why brands are so important to marketers? Randal (1997) argues that "brands are so fundamentally important to the survival and success of many firms that we need to understand them in all their subtleties and complexities so that we can manage them correctly." To marketers, brand is about customer perceptions towards the offerings and many times it is larger than the product itself. It is also about consumer goodwill resulting from favorable perceptions, associations, and satisfaction with the brand experience (Kerin and Peterson 2004). Marketers regard this implication as brand equity which is an added value to a brand name and its actual functions. In many cases, two-third of brand equity is based on consumer goodwill while only one-third is based on the net asset value of the venture. Lal *et.al* (2005) explains that brand is the product as it is experienced and valued by society and branding refers to all the management perspectives and activities mainly of the firm that shape customer perceptions towards the brand.

Keller (2003) provides an overview in Exhibit 3 on the different roles brand play to both consumer and companies.

To Consumers:
Identification of source of product
Assignment of responsibility to product maker
Risk reducer
Search cost reducer
Promise, bond or pact with maker of product
Symbolic device
Signal of quality

To Companies:
Means of identification to simplify handling and tracing
Means of legally protecting unique features
Signal of quality level to satisfied customers
Means of endowing products with unique associations
Source of competitive advantage
Source of financial returns

Source: Keller (2003)

Exhibit 3: Roles That Brand Plays

According to Keller (2003), branding is about "endowing products and services with the power of brand equity". Branding is also a "management perspective that focuses on shaping the perceived value of the product as found in society" (Lal et.al,2005). Based on the above discussions, the meaning of branding should not be limited to the development of tangible differentiator such as logo, design, symbol or product name, but more importantly must include the development of intangible assets that define the relationship between company and customers at every possible touch point including emotional benefits, perceptions, associations, experience, personality, image, awareness, communication, satisfaction and performance. It involves the whole organisation including the people, the structure, the program and the market environment to work together in a well integrated manner to the advantage and profitability of the organisation.

According to Aaker (1991), brand building is a distinguishing character for modern marketing with the idea to move the product beyond commodities, to reduce price sensitivity and to accentuate differentiation. As such brand plays significant role in moving up the value chains for any companies, big or small. Randal (1997) argues that brands are so critically important to the survival and success of many firms that marketers really need to understand

and master its technicalities and complexities. Larry Light in Aaker (1991) concludes that "the marketing battle will be battle of brands, a competition for brand dominance" and businesses must recognise that brands as the most valuable assets that must be developed, strengthened, defended, and managed. In the context of Asian companies, Roll (2006) summarized that companies could no longer rely on low cost and manufacturing prowess as competitive advantages. Hence, to move forward, they must be able to build strong brands and leveraging not just on competitive technology but also on high brand equity.

BRANDING CHALLENGES AFFECT BRANDING EFFORTS

Branding challenges deals with problems or barriers that may affect the branding efforts. Keller (2003) condenses them into six major challenges as describe in Exhibit 4.

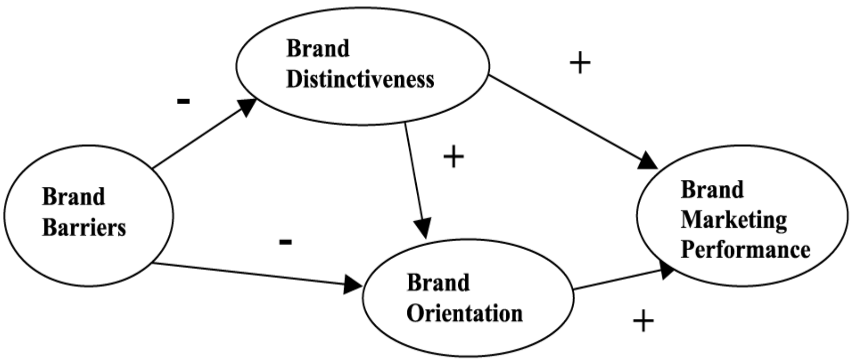
Savvy Customers	Consumers have become more experienced with marketing, more knowledgeable and may not easily be influenced.
Brand Proliferations	Proliferation is partly due to the rise in line and brand extensions and complication in marketing decisions.
Media Fragmentation	Erosion of traditional advertising media and emergence of interactive nontraditional media and communication alternatives.
Increased Competition	Competition in both demand and supply side. Brand extension, deregulation, globalisation and low price are part of the situation.
Increased Costs	The rapid increase in cost of introducing new products or supporting existing products.
Greater Accountability	Dilemma in making decisions for short term benefits but long term costs.

Source: Keller (2003)

chapter-7.indd 143 3/11/09 8:08 PM

Exhibit 4: Six major Challenges to Brand Builders

In another study by Wong and Merrilees (2005), challenges may be explained as brand barriers for businesses to build the distinctiveness of their brand. Their model of Exhibit 5 shows that brand barriers are antecedents to brand orientation and brand-marketing performance. Their definition on brand orientation is rather consistent with that of branding management activities. The brand barriers in their study refers to the obstacles that hinder firms to carry out business activities based on the brand which are mainly the limitations on financing, human resources and time.



Source: Wong and Merrillees (2005)

Exhibit 5: Brand Driven Approach to Brand Marketing Strategy

Besides the above possible barriers discussed, there are several major branding challenges faced by Malaysian businesses that deserve further scrutiny. First, being a developing nation in Asia, Malaysia shares many of the same branding predicaments that has plagued Asian brands. The status of a nation's economy and the

chapter-7.indd 144 3/11/09 8:08 PM

sophistication of business could explain part of the situation. There are less than ten brands originating from Asia making to the list of top 100 world brands. Only Honda, Toyota and Samsung make the grade to be in the top 25 and these are from the advanced parts of Asia, namely Japan and Korea (Business Week and Interbrand Statistics on Best Global Brands 2006). In fact, most of the academic discussions in the West on brands from Asia are focusing on the success stories of Sony or Toshiba from Japan and Samsung from Korea. Singapore and China have also become more fortunate with their branding efforts as the former is focusing on up market or high value added servicing industries and the latter enjoys the natural result of booming income and huge population advantages. The Singapore Airlines (SIA) is a very successful brand in the service industry for many years. Singapore has also witnessed the transformation of their successful SME brands into global brands as in the case of OSIM, the massage chair retailer and Banyan Tree, the holiday and spa resort player. In another recent brand valuation ranking for the year 2007, brands from China such as ICBC and Bank of China are considered as the new leading brand of Asia capitalizing on the booming economy and huge market size (Brandz ,2007).

The other Asian countries particularly the players of transition economy, like India, Malaysia, Thailand, Philippines, and Indonesia are mostly regarded as the backroom boys for the global players staying in the comfort zone of servicing original equipment manufacturer (OEM) and business process outsourcing (BPO) industries. Or, they may act as commodity suppliers or market followers without brand dominance. In Malaysia, most of the local based SMEs are successful only in the limited local market and not competitive for bigger international or global arena. Obviously those that get the limelight and reap the profits are the center stage performers or the brand players mostly from the west. In a more unfavorable situation, Malaysian products are being repackaged and rebranded by other countries and lose the deserved profits. It is a very high time for Asian companies, particularly from Malaysia, to undergo a paradigm shift from being backroom players, commodity manufacturers or "me too" producers to being effective brand creators. The shift obviously requires the brand entrepreneurs to brace and overcome their branding issues and challenges which may be of general global branding problems, regional problems or local peculiarities.

Second, like many Asian companies, Malaysian businesses in general are lacking in branding appreciation and suffer from the branding misconceptions. Branding in Asia is often wrongly referred to as an exercise in which the company logo, design style, color scheme and corporate slogans are launched or changed. However the fundamental strategic developments that involve the process, people, and programs for fundamental value creation purposes are often ignored. Malaysian companies have the tendencies to regard branding as necessary only during the introductory phase of the product or during the product launching. (Malaysia's Industrial Master Plan 3 (IMP 3) of 2006-2020). There are two obvious problems resulting from this misconception. One is the inability to realise the real value of branding or its intangible benefits particularly for the long term competitiveness and sustainable customer relationships. Two is the failure to grow brand as a strategic asset for the company and a major contributor to business performance and value. As in many Asian companies, in Malaysia, the percentage of companies' market value accounted for by intangible assets (such as intellectual property, proprietary technologies and products, systems and brands) is only between 30 to 50 percent when most of the western branded consumer goods companies are enjoying more than 75 percent (Schutte in Roll 2006). Amongst many local businesses, branding is still regarded as a mysterious western marketing strategy and many are still contemplating the right branding perspectives.

If general businesses in Malaysia are facing tough challenges in building their brand, the situation is even more critical for SME entrepreneurs of the country. Although more than 90% of commercial establishments in Malaysia are under SME category, their contribution to the national gross domestic product (GDP) is very low. In a report by the Small Medium Industry Development Corporation (SMIDEC) in 2008, the contribution is said to be around 30% and the body is proposing programs to increase the contribution to be at least at 37% by 2010. The general branding issue faced by entrepreneurs is that they normally start with micro, small or medium sized enterprises and are faced with limited resources in building brands compared to big businesses. Yet, they have no choice except to be successful with their branding effort as the ultimate goal for the business is to secure long term relationship with customers and gain their loyalties. Considering the bootstrapping nature of many SMEs, that is having limited resources to run branding affairs in terms of time, knowledge, people and funds, place SME entrepreneurs in a disadvantageous situation compared to bigger establishments. At the same time, most of these entrepreneurs normally are too busy with daily operational matters of their business, hampering efforts for strategic branding management which requires a more holistic and focus approach. In other words to be successful, they must understand their whole industry instead of just their businesses - viewing their forest instead of just their trees.

Another challenge is that branding is a long term strategic issue that many businesses fail to realise its value within a short-term period. Particularly for developing countries like Malaysia, most entrepreneurs are new players servicing bigger vendors or finding new niche markets to serve. In most cases, their profit depends on the production or sales volume and low operational cost. Cost savings then is the most important consideration in ensuring profit particularly for those servicing bigger vendors. However, problems started when margin became thinner with the influx of local competitors, new players from other less developed countries or the emergence of aggressive India and China. These entrepreneurs begin to realise that building their own brands may allow them to have a better control of the market and make significant differences to their businesses. Yet, they are oblivious to the right approach towards branding (Temporal, 2006).

The Malaysian Industrial Master Plan (IMP 3) also discussed general challenges faced by companies in developing brands which include among others the inefficiency in the company's culture, dominance of foreign brands, limited domestic market, supply chain inefficiency, lack of R&D to support innovative branding, brand incompetence of the managers or entrepreneurs and lack of brand investment.

ENTREPRENEURS' PERSONALITY AS PREDICTOR TO BRANDING PRACTICES

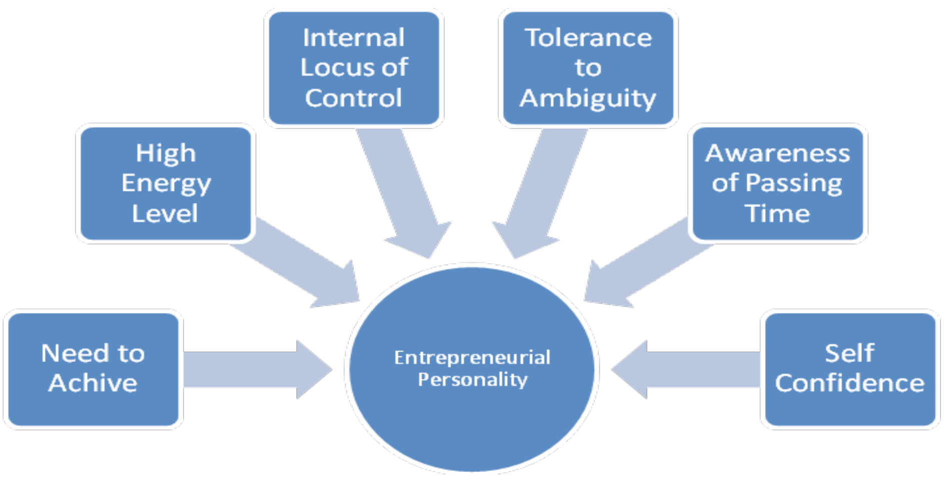
Amidst the fast changes in terms of technology and business offerings, entrepreneur ventures must have a consistent influence capacity and this could be achieved through effective branding. Although it's agreeable that quality, innovation and product superiority are the entry tickets for effective branding, what makes the brand strong is the image, associations and personality translated as emotional benefits to customers. Unlike big companies which normally could afford the appointment of brand ambassador or celebrity endorsements, SME ventures normally relies on the dominant role of the entrepreneurs as the brand spokesperson. Consequently, the brand personality may be synonymous with the entrepreneur's personality. Interestingly, there is a comment from the industry that Asian entrepreneurs are normally not 'maverick' enough to boldly embody the personality of their brands (Sudhaman, 2007).

In Malaysia, with the exception of AirAsia and cosmetic producers, a brand is hardly associated with the founder. Market in general is unaware of the founder entrepreneur behind many brands. For example, most consumers do not know the founder for the popular SME brands such as Ramly Burger, Orang Kampong and

chapter-7.indd 148 3/11/09 8:08 PM

Babas. These SMEs are yet to take advantage of the potential roles of the entrepreneurs as the leading brand leaders and ambassadors to create strong brand associations and push the brands further forward. In fact, strong brand personality and association is an intangible and an immutable asset which is not easily affected by product changes in rival companies (Boyle 2003, Abimbola 2005).

Entrepreneurial personality has been discussed in length in many literatures on entrepreneurship. However, there are several characters that are common in the discussions. Those characters may be summarised in the following Exhibit 6.



Source: Daft (1996)

Exhibit 6: Characteristics of Entrepreneurs

With regard to the role of entrepreneur, brand management requires leadership which in most cases, lies in the hand of the entrepreneur. This role of entrepreneurs is more critical in SME branding. As SME ventures have small numbers of employees, customers normally deal directly with the entrepreneur / owner of the business and good personality and leadership normally contributes to the success of negotiations. Sometimes stories on how the companies started and the entrepreneurial personality - which could be humble, flamboyant or heroic – could attract the attention of potential customers and encourage buying. Leadership and personality contributes to brand identity. Boyle (2003) studies the entrepreneurial brand building and argues that entrepreneurs play key roles in establishing appropriate values for brand's personality. Krake (2005) further concurs in his study that emphasizes the role of entrepreneur as "a source of inspiration and organisation within the company but, principally, as the personification of the brand".

Another study on entrepreneurial brand building by Boyle (2003) is based on a premise that entrepreneurs normally faced with serious limitation of resources and thus have to be more entrepreneurial with their branding activity. Focusing on a UK based firm, Dyson Appliance, the case study illustrates the important role of entrepreneurs in projecting a certain image and values intended for the brand identity and personality. The Dyson brand is imbued with certain positive values of heroic personality of the entrepreneur. This is a more meaningful strategy to attract customers as they could associate the brand with certain personalities rather than on an abstract concept. Brand managers or brand entrepreneurs would benefit a lot from creating positive values such as ambition, courage, honesty, politeness, equality, self-respect and true friendship.

BRANDING PERSPECTIVES SHAPE BRANDING MANAGEMENT

To achieve effective branding, there are philosophies or beliefs that must first be adopted by marketers. As branding is an integral part of marketing, the marketing perspectives serves as a basis for branding perspectives in Exhibit 7. These perspectives should be applied to guide marketers in responding effectively to brand and branding opportunities.

PERSPECTIVES	**EXPLANATION**
Global	The world is a potential market and marketers must strive to identify and respond to opportunities and market competition in every part of the world
Relationship	Foster ties with companies outside the organisation and encourage inter-department teamwork to maintain long term customer relationship
Ethics	Focus on moral issues in marketing decision making and assumes social responsibilities including ecology related ones
Customer Value	Constantly finding ways to give extra value to customers
Productivity	Constantly strives to achieve optimum returns for each marketing money value invested
Technology	Ensures application of advanced technology to provide better products and services and enhances marketing practices
Entrepreneurship	Focus on innovation and risk taking and is proactive in marketing endeavors

Source: Bearden, Ingram and La Forge (2001)

Exhibit 7: Key Branding Perspectives

BRANDING MANAGEMENT PRACTICES AS PREDICTOR TO BUSINESS PERFORMANCE

Branding Practices is a complex management practice that involves the design and implementation of marketing programs and activities to build competitive brand and achieve the brand vision (Keller 2003, Temporal 2006). Branding management is always associated with branding performance (Krake 2005, Aaker 1991).

Branding management is always an integral aspect of brand building discussions and literature reviews (Aaker, 1991, Keller, 2003, Krake, 2005, Kapferer, 1999). Krake (2005) describes that brand management which started to receive research attention within the last 15 years, is not once-only exercise by an organisation but rather an ongoing aspect of marketing policy. Branding is not just an exercise during product launching stage but a continuous process that deserves attentive and effective strategic planning.

Effective branding management is a fundamental basis for brand equity. Brand and branding management may be studied from two perspectives: the supply (managerial perspectives) or demand sides (customer perceptions). The consequence of successful branding management is normally associated to Aaker's established brand equity elements of brand loyalty, brand awareness, brand associations, perceived quality and other proprietary brand assets. The reversal situation is a brand building neglect as describe by Aaker (1998) which comprises of eight indicators as in the following Exhibit 8. Firms must address the brand building neglects which requires managers to be more focused with their efforts in acquiring both of tacit and explicit knowledge in branding.

1.	Low knowledge level on the brand associations
2.	Low knowledge level on brand awareness
3.	Lack in systematic, reliable, sensitive and valid measure of customer satisfaction
4.	Brand is not tied to long term success
5.	Nobody is in charge protecting brand equity
6.	No measures of brand performance
7.	No mechanism to evaluate the impacts of marketing program upon the brand
8.	No long term strategy for the brand

Source: Aaker (1998)

Exhibit 8: Indicators of Brand Building Neglect by a Firm.

According to Keller (2003), strategic brand management concerns with "the design and implementation of marketing programs and activities to build, measure and manage brand equity". Exhibit 9 describes Keller's' strategic brand management exercise involving four major processes of establishing, implementing, measuring and growing brand equity.

Steps	**Key Concepts**
Identify and Establish Brand Positioning and Values	Mental maps Competitive frame of reference Points of Parity Points of Difference Core brand value Brand Mantra

Plan and Implement Brand Marketing Programs	Mixing and matching of brand elements Integrating brand marketing activities Leverage of secondary associations
Measure and Interpret Brand Performance	Brand value chain Brand audit Brand tracking Brand equity management system
Grow and Sustain Brand Equity	Brand-product matrix Brand portfolio and hierarchies Brand expansion and strategies Brand reinforcement and revitalization.

Source: Keller (2003)

Exhibit 9: Strategic Brand Management Process

To examine the brand management perspective and perspective of brand owners, Keller also develops Brand Report Card (BRC) as a tool for managers to assess their branding effectiveness. Keller's BRC consolidates varying areas of brand management practices (BMPs) made of 10 critical items and 27 sub items suitable to measure organisational brand management practices and philosophies (Napoli *et. al.* 2005). The BMPs also reflect elements of strategic brand management process mentioned above. The 10 dimensions of BMPs (of critical items) are shown in Exhibit 10.

BMP 1	Brand delivers benefits customers truly desire
BMP 2	Brand stays relevant
BMP 3	Pricing strategies based on perception values
BMP 4	Brand is properly positioned
BMP 5	Brand is consistent
BMP 6	Brand portfolio and hierarchy make sense
BMP 7	Brand uses full repertoire of marketing activities to build equity
BMP 8	Brand managers understand what the brand means to consumers
BMP 9	Brand is given proper support and it is sustained over the long run
BMP10	Company monitors sources of brand equity

Source: Napoli *et.al* (2005)

Exhibit 10: 10 Dimensions of Brand Management Practices (BMPs)

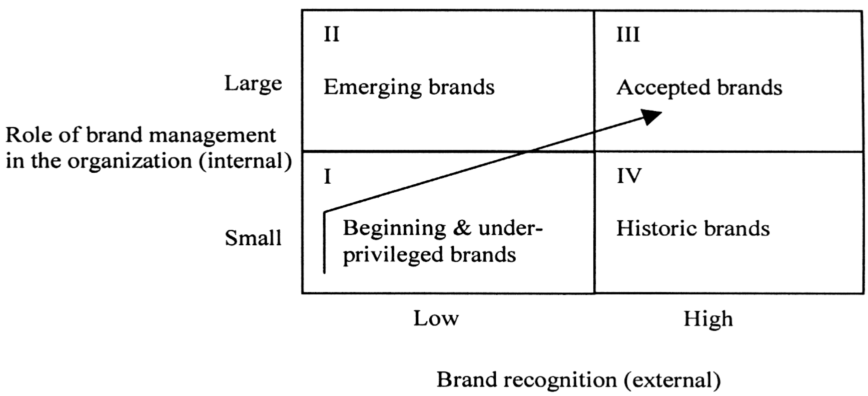
As BRC from Keller is a general assessment of brand management practices, some researchers feel that SME branding may require certain guidelines to match its small setting and its specific nature (Napoli *et.al* 2005, Krake 2005, Keller 2003, Abimbola 2001). Keller himself suggests five guidelines on SME branding which is further revised into six guidelines by Krake as illustrated in Exhibit 11.

KRAKE GUIDELINES	KELLER GUIDELINES
• Concentrate on building one or two strong brands. • Focus on one or two important brand associations to get brand equity. • Use a well-integrated mix of brand elements that fully support both brand awareness and brand image. • Be logical in your policy and consistent in your communications. • Ensure that there is a clear link between the character of the entrepreneur and that of the brand. • Cultivate a passion for the brand within the company.	• Concentrate on building one (or two) strong brands. • Focus on one or two important brand associations to get brand equity. • Use a well-integrated mix of brand elements that support both brand awareness and brand image. • Design a "push" campaign that aims to build the brand, and a creative "pull" campaign that will attract attention. • Broaden the brand with as many secondary associations as possible.

Source: Krake (2005)

Exhibit 11: SME Brand - Krake guidelines Vs Keller's Guidelines

The role of brand management will then form a basis for the marketing activities and message communication. This internal role of brand management in organisation when measured against the external recognition of the brand will result in either one of four possible brand situation quadrants shown in Exhibit 12. The first quadrant is for beginning and underprivileged brands that are yet to receive awareness depending on the greater role efforts. The second quadrant is for emerging brands where roles have been heightened but the recognition is yet gained. It may also be a transition quadrant for the brand to move from quadrant I to III. Third quadrant is a preferred quadrant as it allows the brand to establish its brand equity. At the fourth quadrant, some brands are off exceptions when received large recognition despite little structural support from the organisation. It owes to the possible past or current events that shape the customer's acceptance.



Source: Krake (2005)

Exhibit 12: Brand Management and Brand Recognition Quadrants

BRANDING AND BUSINESS PERFORMANCE

Kotler (2005) describes brand as the foundation for the marketing mix which is a crucial element of business performance. In Mohd Khairudin Hashim and Syed Aziza Wafa (2002), there are several

chapter-7.indd 157 3/11/09 8:08 PM

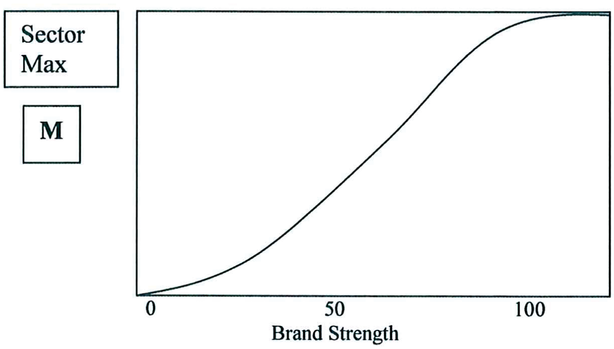
criteria suggested to evaluate performance of SME which include the sales turnover and profit margin growth and trend. Besides financial performance, branding performance is also a good predictor for business performance (Wong and Merrillees 2008). As there are many ways of measuring branding performance, the more realistic approach is to select performance measure based on the practicality and accessibility of the required data.

Branding performance may be assessed and measured using many available tools such as brand equity, and brand strength. Branding performance may be measured by using both of subjective and objective approach based on chosen performance criteria. Branding performance may also be based on the perceptions of the brand owners on their branding achievements (Wong and Merrillees 2008). Aaker's formula on brand equity may also be applied to assess brand value from managerial perspective (Aaker 1991). For a more thorough and deeper brand evaluation, valuation on brand strength can be calculated by using Kapferer's weighted average model on brand strength (Kapferer, 1997).

Based on Aaker (1997), "the best measure of brand equity would be the discounted present value of future earnings attributable to brand-equity asset". It can be done by discounting projected profit stream for the future. Another consideration is to apply earning multiplier (P/E) to the current estimate earnings. P/E ratio may be estimated from the historical performance of the firms in the industry. Aakers' brand equity use elements of brand loyalty, awareness, perceived quality, associations and brand competitiveness as the brand performance indicators.

The brand valuation developed by Kapferer (1997) relies on Brand Multiple (M) which is somewhat equivalent to P/E ratio and reflects more on the competitive environment of the brand or brand strength. Kapferer's listed four steps in using 'M' as summarized in the following Exhibit 13. It is said that this method is widely used in United Kingdom particularly the Interbrand Company (Kapferer, 1997).

Branding performance must be continuously monitored as it forms the basis of company's goodwill which is the most valuable asset to ensure the long life and survivability of a business. It must be measured in order to ensure continuous proper management as the saying - 'what cannot be measured cannot be managed'. The performance measures may also be linked to various company rewards systems.

<table>
<tr><td>1.</td><td>Calculating the applicable net profit</td><td>Use the last three years profit from the brand. Assign weighted average to the profit based on what <s>considers</s> as the most or least important years to derive to the weighted average after tax profit.</td></tr>
<tr><td>2.</td><td>Assessing the brand strength</td><td>Apply seven marketing strategic criteria, take <s>is</s> weighted sum of individual mark and calculate the overall mark. The following example illustrates this point.
<table>
<tr><th>Valuation Factors</th><th>Maximum Score</th><th>Brand A</th><th>Brand B</th><th>Brand C</th></tr>
<tr><td>Leadership</td><td>25</td><td>19</td><td>19</td><td>10</td></tr>
<tr><td>Stability</td><td>15</td><td>12</td><td>9</td><td>7</td></tr>
<tr><td>Market</td><td>10</td><td>7</td><td>6</td><td>8</td></tr>
<tr><td>Internationality</td><td>25</td><td>18</td><td>5</td><td>2</td></tr>
<tr><td>Trend</td><td>10</td><td>7</td><td>5</td><td>7</td></tr>
<tr><td>Support</td><td>10</td><td>8</td><td>7</td><td>8</td></tr>
<tr><td>Protection</td><td>5</td><td>5</td><td>3</td><td>4</td></tr>
<tr><td>Brand Strength</td><td>100</td><td>76</td><td>54</td><td>46</td></tr>
</table></td></tr>
<tr><td>3.</td><td>Estimating the Multiple</td><td>Developing S-Curve Model to plots the multiple against brand strength
</td></tr>
<tr><td>4.</td><td>Calculating Brand Value</td><td>Multiplying the applicable net brand profit by the relevant multiple.</td></tr>
</table>

chapter-7.indd 159 3/11/09 8:08 PM

Source: Adapted from Kapferer (1997)

Exhibit 13: Brand Strength Valuation -Applying the Multiple Method

CONCLUSION

As brand is an immutable asset of a company, branding is, thus, an important tool to stimulate demand and gain the brand competitive advantages. The antecedent variables to branding efforts which are challenges, perspectives and personality as well as indicators of branding management such as brand positioning, marketing programs and monitoring are good predictors in anticipating business performance. Although the presented branding dynamic may not be the only tool that can be applied for branding, it represent a parsimonious, logical and insightful technique in building the most valuable brand asset for Malaysian businesses and those of developing economies with similar situations. A business that takes care of its brand is taking care of its future. It is hoped that this discussion has shed some lights for Malaysian brands to thrive forward.

BIBLIOGRAPHY:

Aaker D. A. (1991), Managing Brand Equity – Capitalizing on the Value of A Brand Name, Canada, Maxwell Macmillan, Inc.

Aaker D. A. (1997), "Should You Take Your Brand to Where the Action Is?" *Harvard Business Review*, Sept-Oct 1997.

Abimbola, T. (2005) "Branding as a Competitive strategy for Demand Management in SMEs", *Journal of Research in Marketing and Entrepreneurship*, Vol 3 Issue 2, pp 97-106

Bearden, W; Ingram T and La Forge R (2001) Basic Marketing, Principles and Perspectives, 3rd Edition, McGraw Hill, Irwin.

Boyle E. (2003), "A Study of Entrepreneurial Brand Building in the Manufacturing Sector in the UK", *Journal of Product & brand Management*, Vol 12 pp. 79-93.

Daft, Richard L (1997), Management, The Dryden Press, Orlando

Dressler, Gary (2004), Management Principles and Practices for Tomorrow's Leaders, Prentice Hall, New Jersey.

Fauziah Sh. Ahmad and Rohaizat Baharun (2007) "Branding Management of SME Entrepreneur" Marketing and Graduate Seminar, FPPSM Universiti Teknologi Malaysia, Skudai, February 2007.

Gregory J. R (2004) The Best of Branding: Best Practices in Corporate Branding, Mc-Graw Hills, New York.

Haigh, D and Knowles J. (2004) "How to Define Your Brand and Determine its Value" *Marketing Management*, Vol 13, No 3, pp. 24-8

Jevon, C. (2005) "Names, Brands, Branding: beyond the Signs, Symbols, Products and Services", *Journal of Product and Brand Management*, Vol 14/2, pp 117-118

Kapferer, J.N (1997) Strategic Brand Management – Creating and Sustaining Brand Equity Long Tem 2nd Edition, Kogan Page, London

Kotler, P. (2005) Marketing Management 11th Edition, Prentice Hall

Keller, K. L (2003) Strategic Brand Management – Building, Measuring and Managing Brand Equity, Pearson Prentice Hall

Kerin, R.A., Peterson R.A. (2004), Strategic Marketing Problems-Cases and Comments, Tenth Edition, Pearson Prentice Hall, New Jersey.

Krake, Frank B.G.F.M (2005) "Successful Brand Management in SMEs: a New Theory and Practical Hints", *Journal of Product and Brand Management*, Vol 14/4, pp 228-238

Lal, Rajiv, Quelch, J.A. and Rangan, V.K (2005), Marketing Management: Text and Cases International Edition, Mc Graw Hill, Singapore

Napoli, J.,Ewing M.T and Berthon, P. (2005) " Brand Matters: An Examination of Small To Medium Sized Enterprises", *ANZMAC Conference*

Randal, Geoffrey (1997) Branding, Kogan Page, London

Robbins, Stephen P, and Coulter, Mary (2003), Management, Prentice Hall, New Jersey

Roll, M (2006) Asian Brand Strategy : How Asia Builds Strong Brand,, Palgrave McMillan.

Stevenson,H. H; Roberts; and Grousbeck (1994), New Business Ventures and the Entrepreneur, 4th edition, Harvard Business School.

Sudhaman, Arun (2007) "Pioneers of Asia's Brand Frontier", *Media – The Marketing & Communication Newspaper for Asia Pacific, asia.brandrepublic.com*, 1st June 2007

Temporal, P (2006) B2B Branding in Malaysia : A Guide to Building Successful Business to Business Brands, Kanyin Publications, Selangor

Wong, Ho Yin and Merrilees, Bill (2005) "A brand Orientation Typology for SMEs : A Case Research Approach", *Journal of Product and Brand Management*, Vol 14/3, pp 155-162

Wong, Ho Yin and Merrilees, Bill (2008) "Multiple Roles for Branding in International Marketing, *International Marketing Review*, Vol. 24 No. 4, 2007, pp. 384-408

Businessweek and Interbrand's Best Global Brand 2006 – www.interbrand.com

Brandz 2007- www.millwardbrown.com

The Ninth Malaysia Plan 2006-2010 – Speech by the Prime Minister YAB Dato' Seri Abdullah Ahmad Badawi at The Tabling of the Motion – Dewan Rakyat, 31 March 2006

The Industrial Master Plan (IMP) 3 2006-2020 – Ministry of International Trade and Industry August 2006