

Brand Equity and Strategies to Win Business Competition

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ABSTRACT

Business competition has become normal in the business world. Some business people try hard to win the competition. One of his efforts is to build brand strength. Brand strength in business is very important, because it can increase customer loyalty. Brand strength is also able to encourage customer confidence in the products produced. This can not be separated from the customer's perception of the brand reputation. Brands that have a good reputation will provide more revenue than ordinary brands. This study will describe the strength of the brand in winning the business competition. There are seven indicators used in establishing brand strength. The results of the study indicate the fact that building brand equity or strength can encourage customer loyalty and ultimately win the business competition.

Introduction

Competition between brands has become commonplace, especially in the current digital and millennial era. Brand strength is one of the intangible assets to win the competition. Several studies [1], [2] point to the fact that brand power has a bigger role to play in winning the competition than the product content itself. Products with almost the same content can have different prices if they are born from different brands. Studies of the Apple brand show that the strength of the brand can be used as an assessment of the quality of customer relationships using the brand.

Brand equity can also be used to determine customer desires related to continuing to use the brand or not. In other words, brand equity can be used to map customer demographics [3]. The company must build the strength of the brand in order to be able to compete with other brands. The strength of the brand is very influential on the customer's perception of the brand itself. Several studies [4] underline that customer will have a positive perception of brands that are already strong. Brand strength is one of the indicators driving customer purchasing decisions [5], [6]. Buyers have a tendency to trust brands that have a good reputation. A brand with a good reputation is correlated with the strength of the brand itself. In the end, the strength of the brand will build customer loyalty. Then the company will struggle hard to build brand equity.

This is based on the assumption that companies that have well-known brands can generate more profits or income from the recognition of these brands. In other

words, consumers think that products with well-known brands have better quality than less well-known brands.

Other research states that brand equity is an added value of any product or service [2]. In this case, a brand that has high equity can be reflected in the way customers think about the product. In addition, consumers can feel and act with respect to the brand. The market price and the level of profit generated by the product is also a reflection of a brand equity [4].

The importance of brand strength, so companies need to measure the extent to which their brand has high value or equity. Several studies state that to measure brand equity at least 7 (seven) indicators are needed. The seven indicators are: 1) leadership or brand ability in influencing the market. The influence is both in terms of price and inherent attributes (non-price); 2) Stability or the ability of a brand to maintain customer loyalty; 3) Market, or brand strength in improving sales performance from the distributor side;

4) Internationality, namely a brand's ability to move out of its geographic area to an international area; 5) Trend, namely a brand is felt to be increasingly important in various circles; 6) Support, namely the amount of funds spent to communicate a brand; 7) Protection, namely the mark has legality or legal protection.

Research Methods

In building brand equity and strategies to win business competition, several parts must be considered, namely the factors affecting brand equity, customer equity, brand equity win the competition.

Result and Discussion

a. The Factors Affecting Brand Equity

Very fast business growth encourages companies to compete in every sector. The company's activities are included in the marketing sector [7]. In this marketing field, the company conducts competition, including on the aspects of price, service and brand of a product. Companies must always be aware of the strategies of competitors who are trying to grab market share. The creation of a brand that consumers can always remember can be one of the things that keeps consumers from switching to other brands. Brands are becoming more considered by companies today, especially in conditions of increasingly sharp brand competition. Companies are increasingly realizing the importance of brands for the success of a product. Therefore, the strategic activities of managing the brand, including brand creation, brand building, brand extension to strengthen the brand's position in the competition have become highly considered by the company. All these efforts are intended to create so that the brand owned by the company can become wealth or equity for the company [8].

The creation of a brand that consumers can always remember can be one of the things that keeps consumers from switching to other brands. For this reason, it is necessary to make an effort so that the brand of a product can always be attached to the minds of consumers. One strategy that can be done in forming a long-term relationship between companies (producers) and consumers is to build and manage brand equity

appropriately. Brand equity is the result of consumer perception which is influenced by several factors. Brand equity cannot be easily understood without taking into account the factors that make up brand equity in the minds of consumers.

According to [2], brand equity is a form of consumer response to differences in brand awareness and associations based on their marketing strategy. Marketing activities here include advertising (advertising), distribution, pricing and promotion strategies, whether carried out to introduce a new brand or to maintain the viability of the brand. The stronger the brand equity of a product, the stronger its attractiveness in the eyes of consumers to consume the product which in turn can lead consumers to make purchases and lead the company to profit from time to time.

Therefore, knowledge of the factors that affect brand equity and its measurement is needed to develop strategic steps in increasing brand existence which can ultimately increase company profits. Factors that affect brand equity include brand awareness, perception of quality, brand associations and brand loyalty [9]. Consumers tend to buy a well-known brand because by buying a well-known brand, they feel safe, avoid various risks of use with the assumption that a known brand is more reliable [10]. Although consumers know and are willing to buy the product, brand awareness is an important factor to influence brand equity. When consumers want to buy a product, and the brand name of a product can quickly come to their mind, this shows that the product has high brand awareness.

Perception of quality can help consumers to have subjective judgments about the overall quality of the product that makes the product continue to be differentiated, stand out and become a selective brand in the minds of consumers [11]. Brand associations are all impressions that arise in a person's mind related to his memory of a brand. In general, brand associations become consumers' foothold in purchasing decisions for the brand. The association defines that brand loyalty is an activity where consumers satisfy their past experience of using the same brand and will lead to repurchase behavior.

b. Customer Equity

Customer Equity is the result of customer relationship management (CRM) [12]. Customer Equity is the total lifetime value shared by all the company's customers. In layman's terms, the more loyal the customer, the more customer equity [13]. Companies like Barantum, Apple, Facebook have very high customer equity and that is why they have such an outstanding and sustainable competitive advantage. Customer Equity consists of three components. Value Equity, Brand Equity, and Relationship Equity [14].

Value Equity: One of the common terms used in marketing is Value for Money also known as VFM. So, Value Equity is a customer's assessment based on its offer, price, and convenience.

The company has high value equity because it has "value for money" products. iPhones from Apple and Samsung are smartphones that are widely sold in malls, they are considered the leaders in the smartphone industry and many people are willing to get these products even though they are full of struggle. So even Apple and Samsung have equity value. Value equity is very important in the Industrial market mainly because B2B customers are very aware of convenience and price parameters for high-cost products [15].

Brand Equity: A normal pizza probably costs around 35,000. But pizza from Pizza hut is another story, you are even ready to pay more without having to come to the store and see the pizza physically. This can happen because of perception, and this is what plays an important role in defining brand equity. Brand equity is a subjective and intangible valuation. In essence, because they see the brand or the brand, customers are ready to pay more just because of their trust in the brand. The tools used in developing brand equity primarily include advertising, public relations, and an overall holistic approach. Brand equity is very important in the consumer market [16].

Relationship Equity: Relationship Equity is what keeps customers coming back to a preferred brand instead of switching to another. However, true relationship equity occurs when a customer is ready to remain loyal to a brand, even though the brand ignores loyalty programs, special recognition programs, and all other programs. An excellent example of a company with the highest possible relationship equity today is Harley Davidson [7]. Equity relationships come to companies that are good at maintaining relationships with customers as in the case of Indonesia Barantum.

c. Brand Equity Win the Competition

Several studies on brands [17]–[19] state that to face intense competition, a strong brand is a clear, valuable, and sustainable differentiator, spearheading the company's competitiveness and very helpful in marketing strategy. Other researchers state that brand equity is a person's desire to continue using a brand or not. The measurement of brand equity is strongly related to loyalty and part of the measurement from new users to loyal users

Brand equity is also a set of brand assets and liabilities related to a brand, its name and symbol, which increase or decrease the value provided by a product or service to a company or customer. In other words, brand equity or brand power is the control over purchasing by using the brand, and the good thing about the brand, the brand as an asset that can be leveraged to generate revenue. Brand equity is a positive differentiation effect that can be seen from consumer responses to goods or services [20].

Based on the above, the brand can be used as the basic capital to win the competition. In addition, consumers will prioritize and pay attention to brands that already have a good reputation. Customer loyalty can be formed by building good brand equity.

Conclusion

The increasingly fierce business competition implies that the business world is getting busier. Many new products are born, but not many are able to survive in the midst of competition. Products that fail to win the competition are mostly due to the strength of the brand that does not yet have a high reputation. On the other hand, brand reputation is built by good brand equity. Meanwhile, the strength of the brand is also able to encourage customer loyalty because of its power to encourage purchase intensity. Customers will have more confidence in the brand they already have. Good reputation and brand strength compared to ordinary brands. This encourages customers to make repeat purchases.

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