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Evaluation of the Internal and the External Stakeholders Impact on Brand Equity

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Abstract: In this multifaceted contemporary society, brand is an important sector of the intangible assets for the enterprise. It plays a more and more vital role in organisations. Brand can be a name, symbol, logo or design. Those might help customers to identify the goods and services[1](Keller et al, 2012). The main significance in the brand created is building differentiation with other competitors. For instance, both Coca-Cola and Pepsi Cola have their own customer base. If the consumer taste them to find the difference without looking, However, probably just a few consumers will be able to distinguish the difference. This can prove that most consumers of Coca-Cola and Pepsi Cola do not use the taste to recognize them. They recognize those two different products with their eyes when those two different brand appear in their vision. Some scholars have mentioned that a successful brand is difficult to copy, even if the products are similar, while the brand equity still has difference in the market[2](Chernatony et al, 2011).

1. Introduction of Brand Equity

In scholarship, the definition of brand equity is still a discussion for scholars. Keller defines that brand equity as the value of the brand in the market. Based on Keller’s definition, some scholars believe that brand equity can be measured by a simple method. There is assumption that the marketplace has two identical products. The only difference between them is when one product is under a brand name, and the other one is not. The disparity between these two products is the market value which is called brand equity. From a customer perspective, Pullig argues that brand equity is equal to consumer brand knowledge. The enterprise will thus need to help its customers to build brand awareness, to achieve the objective of improving consumer recognition and loyalty for the brand, in order to enhance the equity of the brand.

2. Stakeholder Groups

When Freeman in 1984 published Stakeholder keeps repeatedly surfacing in the enterprise management. Freeman[3] (1984) defines stakeholder as a category of groups or individuals who can affect and are affected by the achievement of an organisation’s objective. In time, some scholars thought that definition was too broad. Neely in 2003 mentions that any stakeholders must include stakeholder contributions and stakeholder satisfaction. It shows all stakeholders have a clear relationship between inputs and outputs in the enterprise. Friedman[4](2006) claims that the organisation needs to consider what the group of stakeholders in itself is. When Freeman defines stakeholder, he also divided stakeholder groups into two parts: the internal stakeholders group and the external stakeholders group. Four decades ago, researchers made a specifically division of those two parts. The internal stakeholders group included employees, managers, and owners, and the external stakeholders mainly involved customers, suppliers, society, government, NGO and other external elements.

3. Impact of stakeholder groups on brand equity

3.1 Customer value

The customer value is one of the essential indicators in the customer relationship management. Anderson in 1998 claims that customer value is in the marketplace, and an increasing number of enterprises in the marketplace draw on their knowledge of customer value to gain market advantages. Based on the difference of the customer value, the firm can efficiently allocate resources among customers In a word, Customer value affects brand equity when it help the enterprise to build advantages in the marketplace.

3.2 Customer equity

Rust[5] (2000) defines customer equity as the lifetime value of the customer base. It focuses on customer profitability and evaluates the value of a firm’s customers. For instance, a five-star hotel spends 100 pounds in advertising expenses to help every customer to make a purchase decision. If the customer stays in the hotel for 100 days a year and in his or her lifetime spends 10000 pounds with the hotel, then this customer’s equity is high. Conversely, if the customer just spends 90 pounds in the hotel for one night, this customer’s equity is definitely low. Customer equity is also in connection with brand equity, a relationship between positive correlation.

3.3 Employee

As mentioned before, a high standard service is able to handle customer value and increase customer loyalty as well. When the enterprise is promoted the loyalty of the customer, this might lead to the customer to make a repeat purchase of the product. With an airline company as an example, people expect to have a pleasant journey. Factors involving customer needs, such as safety, price and service have effect on customer loyalty. Employees will therefore influence customer equity.

3.4 Supplier

For the most part, the cost and the quality of the product are likely to depend on the supplier. They might affect the purchase decision making of customers. A price promotion might result in a temporary situation resulting in repeat purchase behavior in the same market. As everyone knows the cheap raw materials market and labour market made Malaysian Airlines a low cost carrier. It had a huge customer base because of its low price[6] (Yeoh and Chan, 2011). If then, however it lost large amounts of customers due to of safety and quality reasons in recent years.

3.5 Brand associations

Brand associations means that an image in customer minds when a brand is mentioned. Many different brands prefer to use a big capital letter as a symbol or logo, such as InterContinental or Morrisons. Those brands are pretty careful when they design those logos. Some of them put the culture of the enterprise into the logo, and the others put their product' information. In fact, they share a common idea, that is using the logo or symbol to deepen the impression of their brands and associations in customer minds. In short, brand associations is a approach to improve the brand equity.

3.6 Government and NGO

Brand associations would be partly effect of government and NGO. They are as the policy and standard maker in the society, brand image would be partly resulted from government and NGO. If an enterprise is punished by government, their brand public image will be damaged as well.

3.7 Brand personality

Based on the customer behavior research, a considerable amount of attention has been given to the construct brand personality. Brand personality is defined as the set of human characteristics relevant with a brand[5] (Keller, 1993). It is a factor that affects the brand equity. Aaker[7](1997) applied the big-five personality traits to brand personality research, and analysed brand personality with various cultural backgrounds. Briefly speaking, the brand's uniqueness and differentiation with other competitors is brand personality.

4. Impacts of stakeholder groups on brand personality

4.1 Employee

Service is one of the products which are provided by employees in the most of service industry. This results in employees more influential on brand personality. As mentioned above, employees wearing uniform can help guests to identify them and their brand. In fact, in the most of hotels their uniforms and grooming standards are similar. This is difficult for customers identify the difference between them. Take The Opposite House, Beijing by Swire Group as an example, whose target group is young people, the staff in this hotel are not allowed wearing any formal uniform. They have to wear their usual clothes which are assigned by hotel's image during their work manager. This rule and regulation prohibited in other hotels are found in The Opposite House. The difference between The Opposite House and other hotels can indeed reveal the uniqueness of its brand personality.

4.2 Customer

Customers are the main source of income in service industry. Thus, it is important to match customer needs, which is the main objective of the enterprise. Then the enterprise will achieve this goal at all costs in order to stand out from the competitive industry. In fact, brand personality might change with customer needs.

5. Conclusion

According to this report, both internal and external stakeholders are able to impact a enterprise's brand equity. If enterprises pay enough attention to their stakeholder groups, it will be beneficial and offer valuable intangible resources such as customer value and brand association on enterprises' development. However, if enterprises ignore their stakeholder groups analysis, it possibly results in some risks and conflicts between stakeholders and enterprises. Overall, enterprises should focus on stakeholder groups' balance in order to reach brand equity development. The business therefore can be evolved into sustainable status in the future.

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