

**A STUDY OF THE IMPACT OF BRAND IMAGE AND BRAND EQUITY ON  
CUSTOMER LIFETIME VALUE**

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**ABSTRACT**

The research evaluates the impact of brand image and brand equity on customer lifetime value. A unified brand image builds consumer trust which helps firms achieve elevated product pricing and high brand equity. An effort is made to understand how strong brand equity and positive brand image direct consumer choice in the long run. This study examines how perceived brand quality, brand loyalty, brand awareness and brand association help in enhancing brand equity and customer lifetime value. Research shows that excellent brand reputation operates to improve customer loyalty and boosts revenue through higher sales and market share. Strategic branding practices of successful brands like Apple, Nike and Samsung support competitive market standing and customer trust. Companies need to contemporise their brand image through various efforts to enjoy high long-term returns and customer loyalty. The analysis suggests that companies should plan their marketing efforts and direct their resources to ensure customers stay associated with them for longer periods. The findings prove that marketers need to be judicious in allocating their resources to marketing activities which can help improve brand loyalty and brand association for better customer lifetime value. One of the limitations is that the study restricts itself to secondary data. Future research can be undertaken by incorporating mixed methods to understand the impact of brand equity on CLV. Mathematical models can be used to assess the impact of different components of brand equity on customer lifetime value. Future direction can also include other factors like marketing efforts and investor trust in assessing the CLV of a brand.

**Keywords:** Brand Image, Brand Positioning, Brand Equity, Brand Awareness, Brand Association, Brand Loyalty, Brand Perceived Value, Customer Lifetime Value.

**Introduction**

Customer lifetime value is an important concept for corporates whose sole aim is to earn profit. Companies are focusing their marketing efforts on generating higher lifetime value for their shareholders and investors. Big brands like Pepsi, Coca Cola, Nike and Amazon have been able to create high customer lifetime value through their marketing efforts focusing on customer needs and preferences. Successful brands have high recognition and recall giving them advantage over their competitors. Premium brands like Mercedes have been able to charge premium because of their high brand equity and loyalty. Brands like Tata have earned customer trust and association through their contemporary and innovative products with high quality that match with customer expectation. High customer awareness, positive brand image and high brand equity are key to customer retention. In India most of the customers prefer brands with which they have high emotional association leading to brand loyalty and high customer lifetime value. If customers are emotionally attached with a brand, it is very easy to leverage the association because of a strong positive brand image & loyalty. This kind of association is difficult to be erased easily giving tough competition to the competitors. Brands like Horlicks, Chawanprash, Parachute and Saffola work through emotional route. They depend on customer's affective commitment to endure long term retention and value. Brands like Birkenstock & Hush Puppies work through exclusivity. Tata being an age-old brand has earned consumer trust over years because of high quality perception and value. They have also been active in philanthropic activities and widely known for their community service.

Brands like Tata have worked very hard to get to the present level of brand equity and trust. With years of contribution and positive presence they have established themselves as an inbuilt part of Indian society. They are a part of everyday life of Indian customer in the form of tata salt, taj hotels, tata commercial vehicle, tata passenger car, titan eyeplus, fastrack, tanishq jewellery for special occasions, titan watches and tata hospital one stop solution for cancer. With their vast product portfolio and business customers cannot avoid considering Tata as an option in the product categories where it exists. It has a high brand equity and strong & positive brand image which drives high customer lifetime value and retention.

In the above context this paper tries to understand the importance of brand equity and brand image in enhancing customer purchase and customer lifetime value.

### **Brand Image (BI)**

Brand image refers to how consumers perceive a brand created through brand interactions, brand promotion, brand knowledge, brand association, perception of product quality and price. Marketers need to understand the gap between brand identity and brand image and find out ways to bridge the gap for successful branding. Many successful brands have failed because they avoided consumer expectations and market trend. Nokia could not sustain because it ignored the changing market trend that demanded android phones. A good and clear image is a result of successful brand positioning. Cadbury dairy milk and celebration have clear brand image and strong equity because of innovative marketing efforts. They work very hard to stay contemporary with consumer taste. They also define market trends through clever marketing. Their communication is very clear and subtle. A brand positioning done considering the need of the consumer and marketing strategies of competitors, helps reduce the gap between brand identity and brand image. Sensodyne was a new brand when it was introduced. It clicked with its audience instantly because it focused on tooth sensitivity, which prevented customers from enjoying life fully. High positive brand association results in strong positive brand image. A positive brand image can also be made when consumer's perception of brand quality is high. Maruti entered Indian market in the 1990s through liberalisation. Because of high quality products it enjoys high brand equity and positive strong brand image. Customers have strong associations with Maruti because of its lineage in offering economic cars. When Maruti entered the Indian market, it gave a dream to every common Indian man of owning a car. It was more affordable than Ambassador and appealed to the Indian middle class. It helped customers to fulfil their aspiration of car ownership. The development of a strong brand image assists customers in having confidence in business as it guarantees brand loyalty and distinguishes companies from its competition (Ahmad, 2022). Analysis of brand image is important for understanding brand performance and ways to increase brand value (Plumeyer et al., 2019). Brand image mediates the influence of brand perceived value and brand equity on brand loyalty (García-Salirrosas et al., 2024). Organizations are committing massive amounts of money to their brand strategies in order to create positive images that would appeal to market tastes and prevailing popular assumptions among customers. A good brand image results in satisfied customers and affects consumer purchase decision, which makes it a critical marketing tool (Tahir et al., 2024). The luxury fashion brand Louis Vuitton maintains high consumer demand through exclusivity & premium appeal. The technology sector brands Tesla and Apple maintain innovative and premium-quality image which drives customers to pay higher prices (Wang et al., 2023). Brands like Nike with strong and positive brand image enjoy high visibility and top of mind recall. When companies maintain a robust brand presence, they normally achieve higher sales volumes and better customer loyalty together with greater ability to set their prices. Companies that maintain a strong brand identity attract more investors and sustainable financial growth (Ling et al., 2023). Brands negative brand image like Yes bank suffers from trust issues and customers do not want to transact with such brands. A poor brand image hinders business success by preventing them from building trust with customers and acquiring new clients and maintaining ongoing relationships with their current consumer base (Zhang et al., 2020).

### **Brand Positioning and Brand Image**

Brand position is the space that a brand occupies in consumer's mind compared to its competitors (Rua et al., 2022). Creating brand position involves defining frame of reference, point of parity and point of difference. The Firms need to clearly define their frame of reference, competition, point of parity and point of difference for successful brand position and positive brand image in the minds of consumers. Choice of right audience and communication channels communicating the same message through all touch points is important for reducing confusion in the minds of consumers. All commercials of Fevicol reflect their expertise in sticking things together. Apple works through communicating its advanced and innovative technology. Consistent & clear brand communication through various consumer touchpoints and communication channels can help create positive brand image (García-Salirrosas et al., 2024). Frame of reference is important for defining competitors and their product, pricing, place and promotional marketing strategies. This understanding of competitors marketing strategy helps brands define their 4Ps better. It also helps in defining the target market and their need. Point of parity shows consumers that brand offerings belong to a certain product category which defines its features and benefits. Point of difference shows the unique selling proposition offered by the brand which differentiates the brand from its competitors. Oppo differentiates itself from its competitors through its expertise in advanced camera technology. Consumers see more value for the price paid for brands with positive brand image. Brand positioning also needs to be changed with time. Marketers have to be innovative and contemporary in positioning their brand. Positioning can be based on change in market trend, change in customer base, change in product category or change in usage situation. Some of the successful brands which have been able to stay contemporary in their brand positioning are Cadbury, Coca Cola, Pepsi, HUL and ITC. Apple achieved premium pricing and customer loyalty through its innovative premium brand positioning. Nike established itself as a sports excellence and motivational brand that has achieved remarkable success. "Just Do It" campaign of Nike resonates with its audience. They are able to relate with the brand. Athletes are able to see similarities between Nike's brand personality and their own personality.

### **Brand Equity (BE)**

Aaker defined brand equity as a set of assets (and liabilities) linked to a brand's name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and / or that firm's customers (Gill, 2010). Aaker also defined five sources of brand equity: brand loyalty, brand awareness, perceived quality, brand associations and other proprietary assets (Gutiérrez et al., 2024). According to Aaker brand equity can be measured through these five sources of brand equity. Brand loyalty can be measured through cognitive, affective and behavioural dimensions. Brand quality perception has significant influence on customer attitude, influencing brand loyalty, increasing purchase intent, and allowing a brand to charge a premium price. Perceived quality includes the dimensions used by consumers to evaluate brand excellence or superiority (García-Salirrosas et al., 2024). The perception of quality determines how willing customers will be to pay higher prices which strengthens financial growth. High quality perception can influence consumer purchase behaviour because of good brand image leading to top-of-mind recall. Strong and positive brand image can lead to strong brand awareness and brand loyalty (Krishnan, 2021). Positive brand perceived value increases brand loyalty leading to high customer lifetime value. Loyal customers help a brand achieve sales target, market share, provide buffer against competitors, act as brand ambassador helping a brand achieve inorganic reach and participate in word-of-mouth promotion. Brand association can be measured in terms of brand image, brand attitude and perceived quality (Low et al., 2000). Brand awareness is a measure of consumer's ability to recognise or recall a brand (Huang, 2012). High brand awareness is important for top of mind recall which is a measure of whether customer considers a given brand as the best option in the different product categories where the brand exists (Stobierski, 2025). Pepsi is the category leader in bottled mineral water in India because of its top-of-mind recall. Other Proprietary Assets include trademarks, patents and copyrights. Other proprietary assets provide

competitive edge to brands which invest in creating these intangible assets. This not only protects the brand from becoming local but maintains brand exclusivity. Higher investment in other proprietary assets converts into higher brand equity and market value. Brand awareness affects brand image which in turn affects brand equity thus BI is facilitating mediation between brand awareness and brand equity (Gill, 2010). These elements jointly direct consumer perception while determining purchase decisions that lead to higher customer lifetime value. Customers recognize and recall brands they trust and tend to prefer them above competitors (Merkle et al., 2020). Long-term profitability results from brand loyalty because it enables both repetitive customer purchase and sustained customer retention (Cambra-Fierro et al., 2021). Strong brand equity enables businesses to obtain competitive market superiority through better customer engagement which allows them to set premium prices while spending less on marketing. Higher brand equity leads to better market stability and greater resistance during economic turbulence (Loureiro et al., 2023).

Amazon maintains its position as a top global brand because its convenient customer-focused innovative approach has established a robust brand image. It generates substantial customer lifetime value because of its established brand equity (ElMassah et al., 2019). Companies that fail to invest in their brands will observe their financial performance deteriorate. Canon failed to innovate itself and was left out because of the changing market trend favouring digital photography. To achieve financial success, firms need to develop a continuous process of brand innovation along with relevant market adaptations (Pea-Assounga et al., 2024).

### **Customer Life Time Value (CLV)**

Customer lifetime value indicates customer's potential to generate future value (Curiskis et al., 2023). Customer lifetime value is an important factor determining financial sustainability of brands (Sun et al., 2023). Brands need to identify factors predicting customer lifetime value and incorporate those factors in their customer relationship management programs (Kvíčala et al., 2024). Brands can use CLV as a metric for choosing future prospects because customers selected based on CLV are more profitable in the long run (Venkatesan et al., 2004). CLV can be measured by analysing number of transactions, and amount spent per transaction for a customer over one year (Sun et al., 2023). Studying the pattern followed in terms of periodicity can also be helpful in predicting CLV. For selecting future CLV prospects it is very important to assess the customer acquisition cost (Curiskis et al., 2023). This information can be used by brands in selecting customers giving higher returns for each dollar spent. Information on the lifetime value of customers can help companies allocate their resources better (Ali et al., 2024).

The segmentation of customers according to their lifetime value can be useful in developing marketing programs for increasing lifetime value of customers (Jasek et al., 2018). For developing a good CLV strategy, brands need to focus on customer loyalty and how they define value as it can provide consumer insight which could be used for developing more personalised approach for estimating customer lifetime value (Khajvand et al., 2011). Marketing programs aiming at improving customer relationship management can improve customer lifetime value through customer brand association and brand loyalty. Marketing efforts can enhance customer loyalty by incorporating customer needs and customer value (Ali et al., 2024).

### **How BE & BI can improve CLV**

Many researchers are now conducting their study on the significance of brand equity and its factors in customer relationship management and customer lifetime value (Qiao et al., 2022). Brand equity plays an important role in increasing customer lifetime value by facilitating repeat purchase (Stahl et al., 2012). Marketing communication can improve customer's brand perception and brand image through effective brand related communication. Benefits and USP can be highlighted to differentiate from the competitors. Initiatives focusing on retaining and leveraging the loyal customers for higher lifetime value can be incorporated in CRM. Customers with higher emotional attachment with the

brand are more loyal and have higher lifetime value (Qiao et al., 2022). Brand resonance has an immense impact on customer brand loyalty. Through customer engagement and positive brand experience at different touchpoints marketers try to increase their brand resonance which indicates willingness to purchase and recommend the brand to others (Qiao et al., 2022).

Brand image and perceived brand value play an important role in generating purchase intention. If consumers find value in brands and have a positive brand image they are easier to influence. Today when consumers are seeking exclusivity and associating with brand personality, premium products and luxury brands like Armani, Gucci, Apple and Mercedes are witnessing increase in their customer base with high lifetime value. In 2007 luxury brand sales leapfrogged to US\$ 130 billion globally (Kim et al., 2012).

Brand logos like Starbucks mermaid and Nike swoosh enhance customer brand recognition and recall, they form an important part of brand image and multiple exposures and experiences with these brand markers helps brands relate with customer and their needs (Allen, 2024). Brand campaigns like Nike's "just do it" or "she runs the night" helps customers personify brands with which they relate based on its similarities with their own personality. Most of the brand activities are strategies to improve brand equity and brand resonance to convert prospects into customers. Post-purchase services are planned to increase repeat purchase and customer lifetime value. Post-purchase brand engagements aim at developing brand ambassadors from present customers for reaching more new customers with better prospects of long-term association and returns (Habib, 2021).

Strong brand equity also helps companies in increasing market share and preventing their customers from moving to competitors. Extension of product lines and variants are other ways to keep the customer base from shifting to competition. Sometimes this is also used as a tool for poaching competitor's customers. Brands with high quality perception like Rolly Royce & Jaguar command premium price and their customers are willing to pay that price because they seek exclusivity which these brands provide.

Brands like Maggi and Parle work through affective route to ensure that customers continue to buy their products because of their emotional connection with their brands. Maggi calls for customer stories of special cherished moments in the past when they shared Maggi with friends and family. Emotional brand association is known to suggest highest customer lifetime value with minimum marketing effort and expenditure.

Brand Image is an important factor determining consumer purchase. In spite of its efforts Dabur has not been able to associate with youth because of its brand image. Dabur is an economy brand with associations with old age and lower middle class. The brand with flagship brands like chawanprash and pudin hara is more related to healthcare and less to fashion and personal care. Another factor contributing to low popularity among youth is its age-old packaging which lacks vibrance and life. Hence youth is not able to connect with its brand personality.

Firms develop marketing strategies aimed at improving top of mind association to ensure customers buy their brand every time they go for purchase (Sohaib et al., 2023). Repeat purchase is very important for firms looking at high customer lifetime value.

Brand equity is a better strategy for countries like India and China where customers seek American premium brands for exclusivity (Sohaib et al., 2023). Indian customers seeking aspirational products are easily swayed by brands with high equity and market value. Premium has become the new normal in India. There is a growing percentage of Indians who go for lowest priced premium offering to fulfil their brand aspiration.

### **Conclusion**

It can be concluded that brand equity and brand image play a vital role in enhancing customer relationship and customer lifetime value (Chovanová et al., 2015). Firms need to focus on building brand loyalty for ensuring consumer purchase intent and purchase. Action is the final aim of all marketing activities so more effort should be made on consumers who have purchase intent to stop



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