

Brand equity

[Business](#), [Company](#)



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Introduction

Indomie is one famous brand of instant noodle in Indonesia is produced by PT. Indofood Sukses Makmur Tbk. , The first time Indomie hits the market was on 1970, people doubted that selling instant noodle as one of the staplefoodin Indonesia, but the company proved the people’s judgements were wrong ([www. indomie. com](http://www.indomie.com)). Indomie accounted for approximately 37% of net sales and 39% of income from operations in 1999. The Company produces a wide range of instant noodle products with prices that cover the low-end, mid-range and high-end retail market segments in Indonesia.

The Company owns the three major instant noodle brand names in Indonesia, Indomie, Sarimi and Supermi, which are leading household names and have been in existence for many years. In 1999, Indomie accounted for approximately 44% of the Company's instant noodle sales, while Sarimi and Supermi accounted for approximately 28% and 18%, respectively, of the Company's instant noodle sales. The Company sold approximately 8 billion packs of instant noodles in 1999.

While the Company sells most of its instant noodles domestically, a small percentage of instant noodles are exported to nearly 30 countries, including Saudi Arabia, Brunei, Nigeria, Australia, Hong Kong, the United State and certain European countries. In 1999, instant noodles accounted for net sales of approximately Rp. 4, 315 billion and income from operations of Rp. 892 billion. ([www. indofood. co. id/index_2. htm](http://www.indofood.co.id/index_2.htm)) We were amazed on how big Indomie since 1999, even up until 2010 the instant noodle that produced by the Indofood group dominated the instant noodle market, it dominated about 70 percent of the market in Indonesia. ith the biggest shares goes to Indomie with 40-50 percent and other 20-30 goes to Sarimi and Supermie altogether. In this case just Indomie itself most likely dominated about half of the instant noodle market in indonesia. According to Boediyanto from Republika Newspaper Tuesday (12-10-2010), in a year, it is estimated that Indonesian people consumed about 14 billion packages of indomie per year. Looking at how Indomie could consistently maintain its position as the market leader in Indonesia for several decades, had risen the curiosity of looking into more depth of the power of the brand.

Jacques R. Chevron (1998) said that a brand that is well known and trusted by the people is a priceless asset. Brand has several roles for companies, brand can make company reach the economy of scale by mass producing the product under the brand name, it also can halt other competitors that want to do the business under in the same industry. in other word, a brand that is strong enough to reach the brand equity will automatically gain trust from buyer and reseller (A. shimp, 2003). Since brands are the most valuable assets for the marketer has, it is important to have strong brand equity.

Landor Associates' Antonio Marzza said, " A brand represents the most powerful link between the offer and consumer" (Kleppner, 2008), this statement become the reason for the importance of brand communication, since the essential aspect of communication is accountability and brand awareness could be one of the appropriate tools to evaluate and learn the brand performance. Brand awareness refers to how aware customers and potential customers are of the brand and its product. In definition, brand awareness is a marketing concept that enables marketers to quantify levels and trends in consumer knowledge and awareness of the existence of the brand.

Most advertising is directed to consumers whose preferences are already formed and who have experience with the advertised product. Keller (1993) suggests that part of the strength of brand equity is a result of brand associations being easily accessible in memory. While Aaker (1991) suggested that brand equity can be categorized in 5 categories, the categories for brand equity are as follow

1. brand awareness. Shows the ability of the customers to recognize or remember that that brand is a part of certain product category, for example : The Botol Sosro is one of the bottled tea product.
2. brand association. Reflects the image of a brand in a sense that related to certain habit or lifestyle, for example: BMW is associated mostly by people as high class brand of car.
3. perceived quality. Reflects the perception of the customers on the overall quality/advantages of a product and how the services provided meets the expectation of the customers.
4. Brand Loyalty Reflects the level of the bond between the customers to certain brand.
5. Other proprietary brand asset. More depth

into the factors that build Indomie's brand equity will be discussed further in this report. . Brand Awareness “ Brand awareness is the recognition and recall of a brand and its differentiation from other brands in the field”, East (1997, p. 29). Brand awareness is an important and sometimes undervalued component of brand equity. Awareness can affect perceptions and attitudes. It can make peanut butter taste better and instill confidence in a retailer. In some contexts, it can be a driver of brand choice and even loyalty. Brand awareness reflects the salience of the brand in the customers mind, (CALIFORNIA MANAGEMENT REVIEW VOL 38. NO. 3 SPRING, 1996). There are levels of awareness, of course, which include: - Unaware of Brand= the lowest level in the brand awareness hierarchy, which costumers didn't even aware of the brand existence. - Brand Recognition= aided recall. The ability to identify a similar brand when given the product category and a list of brands. - Brand Recall= Unaided recall. The ability to rename the brand when provided with the similar product category. - Top-of-Mind= The first named brand in an aided recall task. First Indomie Promotion in 1970

Indomie brand is launched by PT. Indofood CBP Sukses Makmur Tbk. This product is launched first time in Indonesia at 9 September 1970. Indomie market covers some country such as U. S, Australia, Nigeria and some others Asian and African countries. In the local market “ Indomie” brand awareness level is at the Top-of-Mind brand (Wulandari, Dwi Sayekti, Essay Journal, April, 2003). In her Essay research, it is stated that Indomie has the highest brand awareness in the market compared to the competitors Supermie (second place) and Sarimi (third place).

What makes Indomie brand awareness high is because Indomie is the first instant noodle in Indonesia, great promotion and publicity, unique selling point, unique jingle, great tagline, often held event sponsorship. Indomie as the first Brand for instant noodle has big advantages, because people will be easy remember the brand name. Indofood also make the Indomie publicity and promotion in a large scale. Indomie also has a unique selling point which is the taste and cheap price. Indomie also has unique jingle which they make from the event in 2008 “ Indomie Jingle Dare”, and Indomie also held event sponsorship regularly. . Brand association A brand association is “ anything linked in memory to a brand” (Aaker, 1991, p. 109). brand associations may be seen in all form and reflect characteristics of the product or aspects independent of the product itself (Chen, 2001). The importance of brand name associations, for instance, is emphasized by Rio et al. (2001a) in obtaining differential advantages. Product associations and organizational associations are taken as the two mostly referred categories according to Chen’s (2001) brand association typology.

Associations represent basis for purchase decisions for brand loyalty, and also create value to the firm and its customers. Aaker (1991) has listed these benefits as follows: helping to process or retrieve information, differentiating the brand, generating a reason to buy, creating positive attitudes or feelings, and providing a basis for extensions. Rio et al. (2001b) proposes that brand associations are a key element in brand equity formation and management. In this respect, high brand equity implies that consumers have strong positive associations with respect to the brand.

Positive associations J20 the nigerian rapper singing with background activity Indomie brewing in the kitchen, Since uploaded on May 8, 2011, the video had been viewed 126, 000 times as much. Youtube user from Indonesia provide comments on instant noodles and popular in other countries were drawn into wondering what it Indomie products some interesting there is no official statement from the Indomie whether this video is a video made by Indomie for advertising purposes abroad, We can see how the rapper loves Indomie up as if he had Indomie official jingle and have a patent for his work. (<http://internasional.kompas.com>)

Perceived quality

Perceived quality is defined as “ the customer’s perception of the overall quality or superiority of a product or services with respect to its intended purpose, relative to alternatives” (Zeithaml, 1998). It is a competitive necessity and many companies today have turned customer-driven quality into a potent strategic weapon. They create customer satisfaction and value by consistently and profitably meeting customer’s needs and preferences for quality.

Kotler (2000) draws attention to the intimate connection among product and service quality, customer satisfaction, and company profitability. Based on the Hazard Analysis and Critical Control Point System (HACCP) principles of food safety risk management and includes the use of pre-requisite program to make a safe food supply. This unwavering commitment to strict quality control systems and procedures has resulted in an enduring favorable customer perception of the " Indomie" brand. All the Group's products are

registered with NAFDAC, attesting to their suitability and safety for human consumption.

In March, 2008, NAFDAC honored the Company with an award of excellence for being one of the most regulatory compliant organizations. The Company's products are also MANCAP-certified, which demonstrates that the products are in conformity with industrial standards. The internationally recognized Quality Management System ISO 9001: 2000 certification in February 2007. As an organization that believes in continual improvement, necessary arrangements are already being put in place in pursuance of the ISO 22000: 2005 certification.

The ISO 22000: 2005 certification is for companies that operate within any part of the food chain. (<http://www.dufile.com>)

Brand Loyalty

Brand Loyalty is a situation that reflects on how likely a customer will switch to another brand, especially if the price of that brand change, it could be a change in the price or in the features of the product (Aaker, 1991) while Keller (2003), had his own view on the brand loyalty, he examined brand loyalty under the term “ brand resonance” that refers to the nature of customer-brand relationship and how far that customers can feel that they are really connected to the brand.

Those who are deeply attached to the product (or those who have true brand resonance), will have high level of loyalty, while they are not just purchase the product regularly but they also actively seek means to interact with the brand and would gladly do word of mouth marketing to others. Now

according to Aaker (1996), there are 2 factors that can be used to measure the degree of customers' loyalty. They are Price Premium and Customer Satisfaction.

But since the price range between instant noodle is not that much of a difference, so price is not really considered to affect the loyalty of the consumers, so Price Premium will not be used as a measure of consumers loyalty in this case because one of Indomie's strength is in its cheap price also. While on the other hand, customers' satisfaction is applicable in this case, since most of the people consume instant noodle because it is efficient, effective and also tasty.

Like mentioned before, it can be seen that from the data gathered the sales of Indomie has been consistently stable from time to time, it shows that there are consumers that are loyal to Indomie.

CONCLUSION

In conclusion, when a brand reached strong brand equity, it can achieve a few achievements, according to Kotler (1997) by having a good brand equity, then a company will achieve these results: * The company will enjoy less marketing cost because of the level of awareness and loyalty of the consumers is high, example: Indomie only do advertising periodically and the gap between one advertising to other is quite long. Company will have a stronger position in negotiating with distributors and reseller because consumers are expecting that they will have the product under that certain brand with them. Example: all the " ropang" stand by the roadside have indomie banner on their store. * Company will be able to charge higher price

compared to most of its competitors because that certain product compared to other product from different brand perceived as to be high of quality. Company will be easier to do brand extensions and extending the product line since the brand itself already hold high credibility. The brand will shield the company from fierce price competition, indomie survived up until now, even the sales constantly going up from year to year (taken from Indofood financial statement) It can be concluded that Indomie achieved strong brand equity, it results in the consistent performance and maintaining its position as the market leader over the few decades, with the increase in sales (taken from Indofood financial statement), it can be seen that from year to year there are more people consume indomie.

Strong brand awareness, Strong brand association, Perceived by consumers as product of good quality, then leads to the loyalty of the consumers caused indomie to have such a strong brand equity from time to time.

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