

# The evolving brand logic: a service-dominant logic perspective

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**Abstract** The meanings of brand and branding have been evolving over the past several decades. This evolution is converging on a new conceptual logic, which views *brand* in terms of collaborative, value co-creation activities of firms and all of their stakeholders and *brand value* in terms of the stakeholders' collectively perceived value-in-use. The authors argue that this new logic parallels and reflects the related, evolving service-dominant (S-D) logic in marketing. They provide an historical account of the branding literature, organize it into eras, and connect it to the evolution in marketing as captured by S-D logic. The analysis provides further support for the S-D logic of marketing and suggests a related research agenda for furthering the understanding of brand and branding. It also suggests that marketing managers might benefit from investing resources in building strong brand relationships with all of their

stakeholders and a service-dominant firm philosophy built around brand value co-creation.

**Keywords** Service-dominant logic · Goods-dominant logic · Branding · Brand creation · Brand evolution · Brand value · Brand logic · Co-creation of brands · Co-creation of value

Firms are increasingly recognizing that brands are among their most valuable assets (Madden et al. 2006; Simon and Sullivan 1993) and are, therefore, intensifying the level of resources directed toward building them. At least partially in response, academics are also intensifying the attention directed toward understanding the meaning and value of brands and the process of branding (e.g., Berry 2000; Keller 1993; Schouten et al. 2007). This development in the branding literature, together with a more general evolution in academic marketing thought, is causing marketing scholars to rethink the logic of brand and branding.

Vargo and Lusch (2004a) posit that marketing is evolving toward a new logic, which they identify as service-dominant (S-D) logic. This logic (1) considers service to be the common denominator of exchange, (2) embraces a process orientation (“service”), rather than an output orientation (“goods and services”), and (3) makes the customer endogenous to value creation by arguing that value is always co-created with customers (and others), rather than unilaterally created by the firm and then distributed. From this perspective, goods remain important, but are identified as vehicles for service provision.

This evolution in the logic of marketing in general is paralleled by and reflected in the branding literature and, therefore, we believe that S-D logic and the brand literature can reinforce and inform each other. That is, the logic of brand and branding is also evolving and has shifted from the conceptualization of brand as a firm-provided property

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of goods to brand as a collaborative, value co-creation activity of firms and all of their stakeholders. This shift in brand logic brings with it a new understanding of brand value, which we define in terms of the perceived use value determined collectively by all stakeholders.

The purposes of this article are threefold. The first is to map the evolution of the branding literature and organize it into brand eras to delineate the various conceptualizations of brand. We investigate the evolving brand logic from a theoretical (i.e., academic), rather than managerial (i.e., firm), perspective and identify four eras: Individual Goods-Focus Brand Era (1900s–1930s), Value-Focus Brand Era (1930s–1990s), Relationship-Focus Brand Era (1990s–2000), and, most recently, Stakeholder-Focus Brand Era (2000 and Forward). These eras overlap because, as Vargo and Lusch (2004a, p. 2) note, changing logics “more or less seep into the individual and collective mind-set of scientists in a discipline,” rather than abruptly stopping and starting.

A second purpose is to connect the evolution of the branding literature to the evolution in marketing as captured by the S-D logic of marketing. Doing so provides additional support for S-D logic and reveals the collaborative, value co-creation nature of the evolving brand logic.

A third purpose is to suggest a research agenda for future branding research based on our analysis of the branding literature. Specifically, we suggest using S-D logic as a foundation on which to build future branding research.

To accomplish these purposes, we first review the evolution in marketing thought towards S-D logic. Next, we provide a historical account of the branding literature and link the eras to the S-D logic of marketing. Finally, we discuss future research directions and managerial implications.

### The evolving service-dominant logic

Formal academic marketing inherited its foundation from neo-classical economic theory at its conception at the beginning of the twentieth century (Vargo and Morgan 2005). Accordingly, it was built on the then-dominant, goods-centered model of economic exchange, which viewed units of output, embedded with value in the production process, as the central components of exchange. With the emergence of the subdiscipline of services marketing in the mid-to-late 1900s, marketing broadened its perspective to include the exchange of more than manufactured goods (Fisk et al. 1993). From the goods-dominant perspective, “services” were conceptualized as something like tangible goods, except for being characterized by intangibility (lack a tactile quality of goods), inseparability (simultaneously produced and consumed), heterogeneity (cannot be standardized), and perishability (cannot be produced ahead of demand and inventoried)

(Zeithaml et al. 1985), qualities that made them somewhat less desirable than tangible goods and required that they be marketed somewhat differently.

Vargo and Lusch (2004b) argued that, rather than differentiating services from goods, these four characteristics suggest that the service marketing subdiscipline is built on the same goods- and manufacturing-based model as the marketing of goods and called this perspective “goods-dominant” (G-D) logic (Vargo and Lusch 2004a). G-D logic suggests that the firm “produces” value and that customers (“consumers”) are exogenous to value creation and, as such, constitute operand resources—resources on which an operation or act is performed to produce benefit (in this case, for the producing firm). Operand resources can be contrasted with operant resources—resources capable of causing benefit by directly acting on other resources, either operand or operant, to create benefit (Constantin and Lusch 1994).

Several scholars (e.g., Grönroos 1994; Gummesson 1998; Shostack 1977) have intimated that G-D logic is limiting, if not flawed, and have called for a more encompassing and solid paradigmatic foundation. Some have developed theories and research streams that seem to imply and converge on an alternative logic. For example, resource-advantage theory examines the link between firm resources (e.g., competences) and sustained competitive advantage (Hunt and Morgan 1995; Hunt 2000). Similarly, core competency theory suggests that the key of business success lies in core competency or the collective knowledge available to the extended enterprise, including suppliers and customers (Prahalad and Ramaswamy 2000). Moreover, relationship-based and network-based perspectives opened up new possibilities in constructing marketing theories and guiding marketing practice (e.g., Achrol and Kotler 1999; Gummesson 1998; Grönroos 2000). More generally, Vargo and Lusch (2008b) have suggested that the subdisciplines (e.g., service marketing and business marketing) of marketing have provided “skunkworks” for the stealthy rebuilding of marketing theory because of the inadequacy of G-D logic.

Grounded in the convergence of these recent theoretical developments, Vargo and Lusch (2004a; 2008a) suggested that marketing is evolving toward a service-based model of *all* exchange, which has now become known as “service-dominant (S-D) logic.” This evolving S-D logic highlights co-creation of value, process orientation, and relationships. In it, customers are endogenous to value creation and, as such, constitute operant resources.

S-D logic is captured in ten foundational premises (FPs; Vargo and Lusch 2004a; 2008a). The most central FP (FP1) indicates that service (rather than goods) is the fundamental basis of exchange. “Service,” as used by S-D logic, is defined as the application of competences (knowledge and

skills) for the benefit of another entity (or the entity itself). Thus, S-D logic shifts the focus from *operand* resources to *operant* resources. It highlights that people exchange to acquire the benefits of applied specialized operant resources and, as such, exchange service for service. Tangible goods are seen as the distribution mechanism for service provision (FP3).

Whereas G-D logic views the “producer” as the creator of value and the “consumer” as a user (and destroyer) of value, S-D logic views both as “resource integrators” (FP9) that co-create value (FP6). The customer is an operant resource, rather than an operand resource (i.e., target). Thus, S-D logic embraces a process-oriented logic (marketing *with*), which emphasizes *value-in-use*, in contrast to the traditional output-oriented models (marketing *to*), which see value in terms of *value-in-exchange*. Therefore, S-D logic acknowledges that value is always uniquely and phenomenologically determined by the beneficiary (FP10) as it uniquely integrates resources (FP9) of the provider with other market-facing, public, and private resources—thus, what might be considered “value-in-context” (Vargo et al. 2009). This implies that exchange is relational (FP8; Grönroos 1994; Gummesson 1998) and that firms cannot deliver value but only make value propositions (FP7). Taken together, these FPs imply that value must be understood in the context of complex networks that are part of dynamic service ecosystems, comprising not only firms and customers but their contextual communities and other stakeholders.

### The evolving brand logic

Much as Vargo and Lusch (2004a) have argued that marketing is evolving from G-D logic to S-D logic, we argue that branding is also evolving. We believe that this emerging brand logic is reflected in S-D logic. That is, this new brand logic acknowledges that brand value is co-created between the firm and its stakeholders. As such, it is process-oriented and views all stakeholders as endogenous to the brand value-creation process.

To demonstrate that the branding literature is evolving toward a new logic, we identify four eras, which differ from each other in terms of how brands were viewed and the primary focus of a brand’s value (see Table 1 and Fig. 1): Individual Goods-Focus Brand Era (1900s–1930s), Value-Focus Brand Era (1930s–1990s), Relationship-Focus Brand Era (1990s–2000), and Stakeholder-Focus Brand Era (2000 and forward). In the following, we discuss these brand eras, highlight how they changed the dominant thinking about brand and branding, and connect them to the evolving S-D logic of marketing. As noted, there is overlap between the eras.

### Individual goods-focus brand era: 1900s – 1930s

The concept of brand was introduced into the marketing literature in the early 1900s (Room 1998; Stern 2006). The central notion was that brands constituted a way for customers to identify and recognize goods (and their manufacturer). According to Low and Fullerton (1994, p. 176), “manufacturer-branded products had clear and distinct identities. Their distinctive packaging made them clearly identifiable on sight.” As identifiers, brands allowed replication of purchase decisions.

In support of this view, several case studies in the *Harvard Business Review* (1929) reported that, after World War I, the U.S. textile industry began to make its market offerings clearly identifiable with the help of brand names and that this new marketing approach proved successful in many cases. Furthermore, one case study (*Harvard Business Review* 1929, p. 109) features a cheese-cloth and gauze manufacturer and describes the efforts of the firm to use a special display for its cheese cloths to make them more identifiable. A few years earlier, Smith (1915) argued that people may be afraid to buy standardized packages of fruit and vegetables without recognizing the manufacturer by the means of a brand name.

Similarly, in his study of the wholesale distribution system, Copeland (1923) found that branded goods are more easily recognized by consumers, thereby generating higher demand and increasing the bargaining power of manufacturers in the distribution system. In general, Copeland (1923, p. 286) noted that “a brand is a means of identifying the product of an individual manufacturer or the merchandise purveyed by an individual wholesaler or retailer.” Similarly, he (p. 287) argued that “when a brand has any significance at all, it serves primarily as a cause for recognition.”

Thus, during the early 1900s, the marketing literature viewed brands as *identifiers*. Investigations on branding suggest that firms used brands to show ownership and take responsibility for their goods. This in turn helped customers identify and recognize a firm’s goods on sight (Strasser 1989). Given this view of brands, it is not surprising that the limited academic research on brand and branding during this time focused primarily on examining the role of branded versus unbranded goods on customer choice (e.g., Copeland 1923). Brands were targeted toward potential customers who remained passive in the brand value creation process (operand resources).

Moreover, *the focus of brand value creation was on the individual goods* because brand value was seen as being embedded in the physical goods (operand resources) and as being created predominantly when the goods are sold through a discrete transaction (output orientation). Products, embedded with brand value, were the fundamental

**Table 1** Brand eras, relevant literature, and fundamental ideas or propositions

Timeline and relevant literature	Fundamental ideas or propositions
<p><b>1900s-1930s: Individual Goods-Focus Brand Era</b></p> <ul style="list-style-type: none"> <li>• Copeland (1923), Low and Fullerton (1994), Strasser (1989)</li> </ul>	<p><i>Brands as Identifiers:</i> Brands constituted a way for customers to identify and recognize goods on sight. Brand value was embedded in the physical goods and created when goods are sold (output orientation). Brands, therefore, were operand resources and had value-in-exchange. Individual goods were branded to potential customers who remained passive in the brand value creation process (operand resources).</p>
<p><b>1930s-1990s: Value-Focus Brand Era</b></p> <ul style="list-style-type: none"> <li>• Functional Value-Focus Branding (Brown 1950; Jacoby and colleagues 1971, 1977; Park et al. 1986)</li> <li>• Symbolic Value-Focus Branding (Gardner and Levy 1955; Goffman 1959; Levy 1959)</li> </ul>	<p><i>Brands as Functional Images:</i> Creating unique brand images became key in an increasingly competitive environment. Customers selected brands to solve externally generated consumption needs. Brands were part of the market offering. They constituted operand resources and had value-in-exchange (output orientation). The customers remained passive in the brand value creation process (operand resources).</p> <p><i>Brands as Symbolic Images:</i> Goods were seen as increasingly similar in terms of their utilitarian attributes. Consequently, brands were selected to solve internally generated consumption needs. Brands were independent of the actual market offering and had become viewed as operand resources. Brand value was created when the goods were sold (output orientation). Thus, brands had value-in-exchange. The customers remained passive in the brand value creation process (operand resources).</p>
<p><b>1990s-2000: Relationship-Focus Brand Era</b></p> <ul style="list-style-type: none"> <li>• Customer-Firm Relationship Focus (Aaker 1991; Blattberg and Deighton 1996; Kapferer 1992; Keller 1993)</li> <li>• Customer-Brand Relationship Focus (Aaker 1997; Fournier 1998; Gobe 2001)</li> <li>• Firm-Brand Relationship Focus (Berry 2000; de Chernatony 1999; Gilly and Wolfinbarger 1998; King 1991)</li> </ul>	<p><i>Brands as Knowledge:</i> This focus highlighted that customers constitute operand resources and thus active co-creators of brand value. It also highlighted that brand value is the perception of a brand's value-in-use to the customers.</p> <p><i>Brands as Relationship Partners:</i> This focus highlighted that brands have personality that makes customers form dyadic relationships with them. Thus, brand scholars acknowledged that the brand value co-creation process is relational and thus requires a process orientation.</p> <p><i>Brands as Promise:</i> This focus identified internal customers (employees) as important brand value co-creators and operand resources.</p>
<p><b>2000 and Forward: Stakeholder-Focus Brand Era</b></p> <ul style="list-style-type: none"> <li>• McAlexander et al. (2002), Muniz et al. (2001), Muniz et al. (2005), Ballantyne and Aitken (2007), Ind and Bjerke (2007), Jones (2005)</li> </ul>	<p><i>Brands as Dynamic and Social Processes:</i> This most recent era highlighted that not only individual customers but also brand communities and other stakeholders (all stakeholders) constitute operand resources. Thus, it highlighted that the brand value co-creation process is a continuous, social, and highly dynamic and interactive process between the firm, the brand, and all stakeholders.</p>

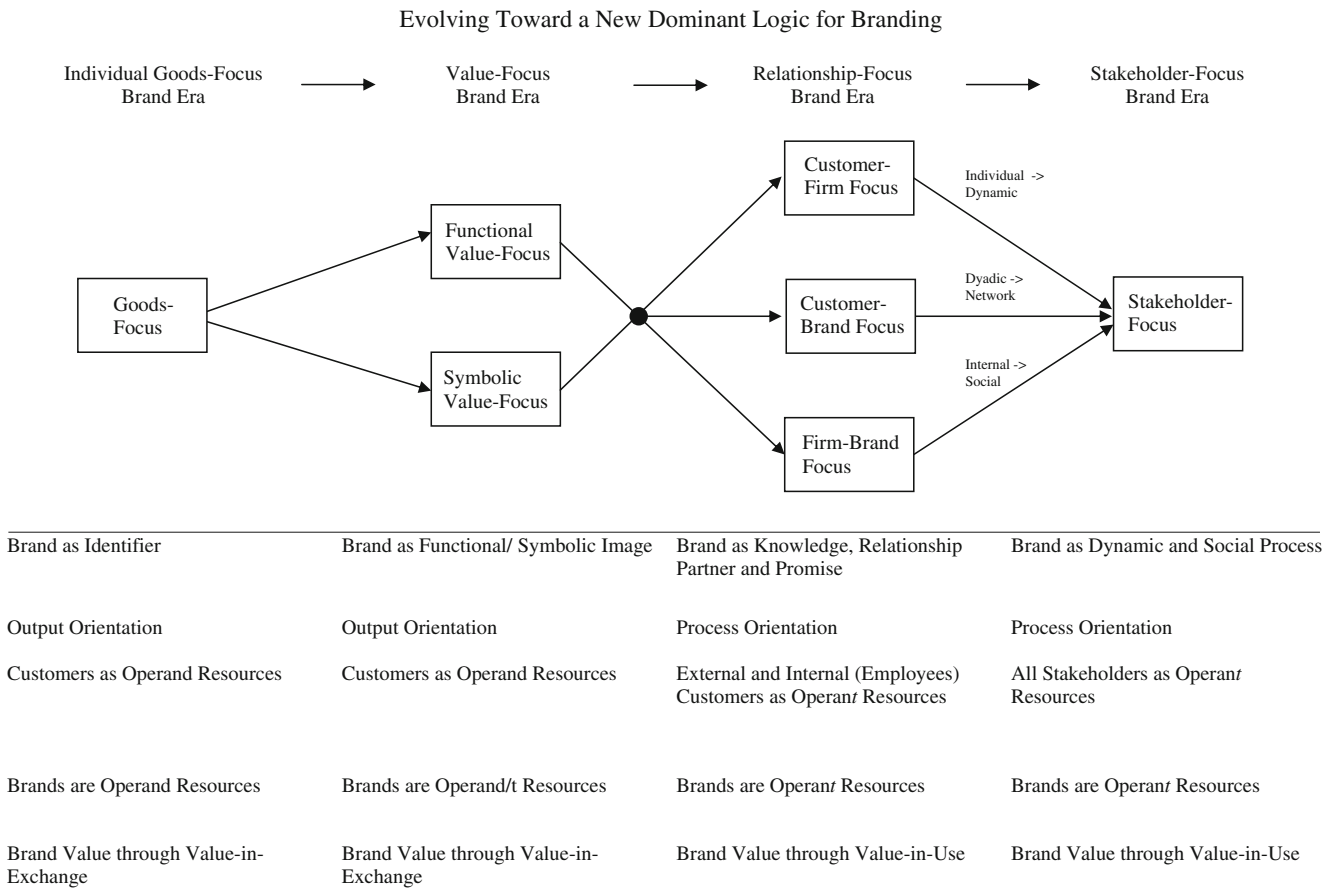
unit of exchange. Thus, brands reflected a G-D logic perspective, with brand value determined through value-in-exchange (see Table 1 and Fig. 1).

Value-focus brand era: 1930s–1990s

The literature on branding started to burgeon from the 1930s onwards. Increased attention to branding brought with it a departure from viewing brands as merely *identifiers* to viewing them also in terms of *images* (Gardner and Levy 1955; Oxenfeldt and Swann 1964;

White 1959). These images were seen as perceptions that firms create (Park et al. 1986) to enhance their competitive advantage and their standing in their community (Welcker 1949). Communicating a clearly defined brand image was believed to enable customers to both differentiate a brand from its competitors (DiMingo 1988; Reynolds and Gutman 1984) and identify the needs that a brand promises to satisfy (Roth 1995). *The focus of brand value creation was on the creation of this brand image.*

More specifically, brand academics began to examine the effects of a brand's functional and symbolic benefit



**Figure 1** Evolving toward a new dominant logic for branding.

associations on customers’ purchase decisions. Functional-benefit associations refer to customer perceptions about whether the brand satisfies their utilitarian needs. Symbolic-benefit associations refer to customer perceptions about whether the brand satisfies their symbolic needs (Park et al. 1986; Roth 1995).

By first focusing on brands’ functional and later on brands’ symbolic benefit associations, brand scholars in this era increasingly began to view brands as an extension of a firm’s goods with the potential not only to significantly enhance the goods’ attractiveness but also to stand on their own (e.g., Gardner and Levy 1955). Hence, brand academics began to understand and conceptualize brands more as operant (e.g., Symbolic Value-Focus Branding), rather than operand (e.g., Functional Value-Focus Branding) resources. In contrast, customers were still seen as operand resources that were buying brands because they had formed brand associations (driven by advertising) that promised to satisfy their (utilitarian/symbolic) needs. That is, customers were seen as targets to which marketers promoted their brands. In general, brand academics broke away from the Individual Goods-Focus Brand Era by investigating in greater detail the effects of a brand’s (1) functional and (2) symbolic

benefit associations on customers’ choice. These sub-eras are discussed in the following (see also Table 1 and Fig. 1).

*Functional value-focus branding: brand as functional image*

During this period, academics proposed that brands add value to a market offering by promising potential customers certain benefits. The focus was first on functional benefits, that is, promises to satisfy customers’ utilitarian needs. The associated literature suggests that customers selected certain brands to solve *externally* generated consumption needs, due to firms’ positioning of their brands in terms of solving or avoiding current and anticipated problems for customers (Fennell 1978).

For example, de Chernatony and McWilliam (1989) suggest that customers select a brand because its functional image associations align with their externally generated consumption needs and wants. Jacoby and colleagues (1971; 1977) found that brand names constitute the most useful information source for customers when making decisions, thanks to their functional benefit associations. Similarly, Brown (1950) examined reasons why customers

buy one brand rather than another. He found that such utilitarian factors as the physical characteristics of the brand, the packaging, price, and warranties affect customers' choice—attributes that help them solve externally generated consumption needs.

Gardner and Levy (1955) pointed out that brand academics prior to the mid-1950s focused on examining such questions as “How many people use a certain brand?”, “What are main reasons for their use?”, and “What are advantages and disadvantages of using certain brands?” They argued that the focus was on finding out about strongly rationalized reasons that are related to the brands' most obvious benefits. The focus was on making sure that potential customers perceived the brands to be effective thereby helping customers satisfy their very utilitarian needs: getting clothes clean, grooming the hair, quenching thirst, preventing tooth decay, tasting good etc. (Gardner and Levy 1955).

Like brand scholars in the previous era, scholars examining a brand's functional-benefit associations in this era viewed brands as part of the market offering (i.e., value adding). As such, brands constituted operand resources, which were produced by the firm to enhance the goods' perceived functional benefits in the marketplace. *The focus of brand value creation was on the creation of a functional brand image.* Brands were targeted towards potential customers who remained passive in the brand value creation process (i.e., operand resources). While brand value was still seen as being embedded in the physical goods (output orientation), brand scholars started to acknowledge that customers' perception of a brand's functional value affect their brand choice. This insight is consistent with the Foundational Premise 7 (FP7) of S-D logic, which states that the enterprise cannot deliver value, but only offer value propositions (see Table 3).

#### *Symbolic value-focus branding: brand as symbolic image*

Scholarly efforts on branding in the mid-1950s suggest that customers were becoming less often able to differentiate between market offerings based on their functional benefit associations alone because goods were increasingly becoming similar in terms of their functionality. Consequently, brand researchers argued that firms could gain a competitive advantage by also promising to satisfy customers' symbolic needs, that is, their desire for market offerings that fulfill *internally* generated needs for self-enhancement, social position, group membership, or ego-identification (Park et al. 1986). Academics realized that customers not only looked for functional benefits when buying a market offering, but also for the possibility to associate themselves with a desired group, role, or self-image, hence, for symbolic benefits.

Beginning around the mid-1950s, marketing academics increasingly examined the relationship between symbolic needs and customer choice, which is reflected in the works

on symbolic “consumer behavior” (Martineau 1958; Sirgy 1982; Solomon 1983) and the sociology of consumption (Nicosia and Mayer 1976; Wallendorf and Reilly 1983). This interest in examining the relationships between symbolic needs and consumption provides evidence of the evolution of the branding literature during this era. In particular, it was Gardner and Levy's (1955, p. 34/35) call for “a greater awareness of the social and psychological nature of ‘products’—whether brands, media, companies, institutional figures, services, industries, or ideas”, that draw brand academics' attention to examine a brand's symbolic benefit associations, in addition to its functional benefit associations. Gardner and Levy highlighted that “the net result is a public image, a character or personality that may be more important for the over-all status (and sales) of the brand than many technical facts about the product.”

Whereas Gardner and Levy (1955) established the relationship between the product and the brand, it was Levy (1959, p. 124) who later redirected attention toward the ways “products turn people's thoughts and feelings toward symbolic implications.” By doing so, he (p. 118) acknowledged that “people buy things not only for what they *can do*, but also for what they *mean*.” It had become clear that people were buying more than the functional benefits of a market offering; they were also buying its symbolic benefits. In support of this argument, Goffman (1959) suggested that the image of a brand had become strong enough to stand on its own in signifying values. To illustrate, Rolls Royce has become associated with luxury, quality, and status, such that the term “Rolls Royce” by itself may be used to describe other market offerings in other product categories that are at the top of their class (e.g., Godiva Chocolates may be described as the “Rolls Royce of chocolates”; McEnally and de Chernatony 1999).

With this realization, brand scholars began to break away from prior brand thinking, which viewed brand value as embedded in the physical product. Viewing brands independent from the actual market offering intimated that brands now constituted something closer to operand resources, which is consistent with the FP4 of S-D logic (operand resources are the fundamental source of competitive advantage). However, *customers* were still considered operand resources. Therefore, brand value was still determined through value-in-exchange. Moreover, the acknowledgment that customers choose brands based on their perceptions of the brands' symbolic value again parallels the FP7 of S-D logic (see Table 3). *The focus of brand value creation was on the creation of a symbolic brand image.*

#### Relationship-focus brand era: 1990s – 2000

Whereas scholars in the Value-Focus Brand Era increasingly suggested that brands have similarities to operand

resources, scholars in this brand era more specifically examined the role of customers in the brand value creation process. Therefore, around the 1990s, the general focus of branding switched from the brand image as the primary driver of brand value to the *customer as a significant actor in the brand value creation process*. In particular, brand scholars in this era acknowledged a more interactive and relational co-creation process between the firm, its customers, and the brand. Furthermore, they highlighted the importance of both internal *and* external customers as brand value co-creators and thus as operant resources. Finally, while brand scholars in the previous brand era argued that brand value is determined through value-in-exchange, they argued in this brand era that it is determined through the customers' perceived value-in-use.

In general, academics broke away from the Value-Focus Brand Era by starting to investigate in greater detail the customer-firm, customer-brand, and firm-brand relationships. These three areas of study collectively shaped the Relationship-Focus Brand Era. We will discuss them in detail in the following (see Table 1 and Fig. 1).

#### *The customer-firm relationship focus: brand as knowledge*

Brand scholars in the 1990s started to examine in greater detail customer-firm relationships. The focus of interest was on examining how customers internalize brand information (Kapferer 1992; Keller 1993). The focus on customer-firm relationships further contributed to an understanding that brand value co-creation takes place in customers' mind. In contrast to the previous brand era, which argued that brand value is embedded in the physical goods and thus determined through value-in-exchange, the customer-firm relationship focus highlighted that brand value is the perception of a brand's use-value to all customers. In addition, instead of examining *what types* of value a brand adds to a market offering and *what types* of associations customers form about brands (e.g., functional versus symbolic), the customer-firm relationship focus highlighted in greater detail the process of *how* brand value is created.

In general, the emergence of many models of brand equity during the 1990s highlights the increased importance that brand, seen as an operant resource, plays in marketing strategy. In addition, these models share certain basic premises about brand equity, most notably that brand value creation takes place in the minds of customers. For example, Aaker (1996) defined brand equity as a set of brand assets and liabilities (i.e., brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary assets) linked—in customers' minds—to a brand, its name and symbol that add to or subtract from the value provided by a market offering to a firm and/or to that firm's customers. Similarly, Kapferer's (1992) six-facet

prism of brand identity highlights that the value of a brand to customers is based upon the extent to which a brand represents the customers' desired social image and self-identity. Kapferer (1992, 2004) argued that brand identity is an important concept for creating brand value and defined brand identity as the unique set of brand associations that represent what the brand stands for and promises to customers.

Moreover, Keller (1993) conceptualized brand equity from the perspective of the individual customer and provided a conceptual framework of what customers know about brands and what such knowledge implies for a firm's branding strategies. According to Keller (p. 2), '*Customer-based brand equity* is defined as the differential effect of brand knowledge on consumer response to the marketing of the brand.' Furthermore, brand knowledge consists of two components, the first being brand awareness (brand recall and recognition) and the second being brand image (set of associations linked to the brand that customers hold in memory). This conceptualization of customer-based brand equity implies the joint efforts of customers and firms in co-creating brand equity, and hence brand value.

In sum, the customer-firm relationship focus provides evidence that the branding literature had evolved away from viewing customers as exogenous to viewing them as endogenous—and thus as active brand value co-creators—to the brand value creation process. Instead of solely highlighting that customers form functional or symbolic value associations about brands (i.e., associations that firms create and communicate to customers), scholars investigating the customer-firm relationship pointed out the complex mental processes that customers go through when making their brand selections (i.e., associations that customers co-create).

In addition to emphasizing the active role of the customers in the brand value creation process, brand scholars examining the customer-firm relationship in this era acknowledged that brand value is determined by customers' value-in-use perception, rather than through value-in-exchange. This shift in thinking about brand value creation probably becomes most apparent with the introduction of the *customer equity* concept in the mid-1990s (Blattberg and Deighton 1996). Rust et al. (2000) define customer equity as the total of the discounted lifetime values summed over all of the firm's current and potential customers.

Specifically, Rust et al. (2000) suggested that customer equity be superordinated to the more traditional, product-focused brand equity term. According to their conceptualization, customer equity is made up of three drivers: (1) value equity: the customer's objective assessment of the brand's utility, based on perceptions of what is given up for what is received; (2) brand equity: the customer's subjective and intangible assessment of the brand, above and beyond its objectively perceived value; and (3) retention equity (later relationship equity; Rust et al. 2004): the customer's

tendency to stick with the brand, above and beyond his or her objective and subjective assessments of the brand.

Brand scholars argued that the shift from product-centered thinking to customer-centered thinking in the marketing literature in general implies the need for a corresponding shift from product-based strategy to customer-based strategy (Kordupleski et al. 1993). In the branding context, a shift from brand equity to customer equity reflected this thinking. That is, the customer equity conceptualization constitutes a more customer-centered approach to brand management. It highlights that customer and brand equity are solely determined by customers and hence through their perceived value-in-use. Both Kapferer's and Keller's brand conceptualizations reflect this change in thinking.

As a result, brand scholars in the 1990s examined in greater detail the customer-firm relationship. *Brands were seen as representing knowledge* (Keller 1993). *The focus of brand value creation was on the customers*. The focus on the customer-firm relationship led to the insights that the customers are co-creators of brand value and that brand value is the customers' perception of a brand's value-in-use. Viewing a firm's customers as co-creators of brand value is consistent with the FP6 of S-D logic, which states that the customer is always a co-creator of value. Moreover, acknowledging that brand value constitutes the customers' perception of a brand's use value is consistent with the FP10 (which states that value is always determined by the beneficiary), FP1 (which states that service is the fundamental basis of exchange), and FP3 (which states that goods are a distribution mechanism for service provision) of S-D logic (see Table 3).

#### *The customer-brand relationship focus: brand as a relationship partner*

Whereas scholars in the 1990s focused on better understanding the customer-firm relationship, they focused on examining the customer-brand relationship in the late 1990s and early 2000s (Aaker 1997; Fournier 1998; Gobe 2001). Specifically, scholars were interested in examining the role of brands in customers' lives and the relationship that customers form with brands. This focus contributed to an understanding that brand value co-creation is relational and thus requires a process orientation, rather than an output orientation, similar to S-D logic. *Brands were seen as "relationship partners"* (Fournier 1998).

Specifically, brand researchers found that customers form affect-laden relationships with brands that match their personality, which provides a means to self-expression, self-definition, and self-enhancement. Brand value, therefore, is co-created through affective relationships that customers form with their brands and is determined through direct (i.e., through usage or consumption) or indirect (i.e., through pure perception) contact with the brand.

For example, Aaker (1997) proposed a theoretical framework of the brand personality construct. Her main proposition is that brands, just like humans, have personality characteristics and that people often imbue brands with human personality traits. Moreover, Malhotra (1988; see also Sirgy 1982) contends that customers showed greater preference for a particular brand the greater the congruity between the human characteristics that describe the customers and those that describe the brand. As a result, "the relationship between brand and human personality may drive consumer preference" (Aaker 1997, p. 348) which in turn drives brand value. Interestingly, Aaker's framework further suggests that customer perceptions of brand personality can be formed and influenced by any direct (e.g., through people associated with a brand; McCracken 1989) or indirect (e.g., brand names, logos, advertising style, price, product category associations; Aaker 1997; Batra et al. 1993) contact that the customers may have with the brand (Aaker 1997; Plummer 1985). To co-create brand value, therefore, people do not necessarily have to "consume" or use the market offering.

Fournier's (1998) brand relationship framework constituted a natural extension of Aaker's brand personality notion. She proposed that brands serve as viable relationship partners and that "consumer-brand relationships are valid at the level of lived experience" (p. 344). As such, she highlighted that customer-brand relationships involve reciprocal exchange between interdependent and active relationship partners and that they evolve and change over time and hence constitute process phenomena. Specifically, she (p. 344) highlights: "Comfort in thinking about the brand not as a passive object of marketing transactions but as an active, contributing member of the relationship dyad is a matter more deserving of note." In total, Fournier explicitly highlights that "consumers' experience with brands are often phenomenologically distinct from those assumed by the managers" (p. 367; c.f. FP10 of S-D logic). Given this, she emphasized that brand value is co-created through dyadic relationships between the firm and its customers.

Similar to the relationship-based brand conceptualization, the concept of emotional branding suggests that customers form strong bonds with brands that are meaningful to them, captivate them, and compellingly enrich their lives. As Gobe emphasized (2001, p. 56), "consumers today not only want to be romanced by the brands they choose to bring into their lives, they absolutely want to establish a multifaceted holistic relationship with that brand, and this means they expect the brand to play a positive, proactive role in their lives." Consequently, academic research on emotional branding substantiates the importance of dyadic relationships in the brand value creation process.

As a result, academics in the late 1990s examined in greater detail the customer-brand relationship. They argued



that customers constitute active brand value co-creators and that they form dyadic relationships with independent and proactive brands. Therefore, customers and brands were considered as operant resources, providing further support for the FP6 and FP7 of S-D logic (see Table 3). In addition, viewing not only brands (see the symbolic value-focus branding research stream) but also customers as operant resources is consistent with the FP4 of S-D logic (operant resources are the fundamental source of competitive advantage). Most importantly, the fact that customers form dyadic relationships with brands that enrich their lives, that is, that are perceived to have value-in-use, is consistent with the FP10 of S-D logic (value is always determined by the beneficiary) and parallels the FP8 of S-D logic, which states that a service-centered view is inherently customer oriented and relational (see Table 3).

#### *The firm-brand relationship focus: brand as a promise*

Finally, brand scholars in the 1990s and early 2000s also examined the firm-brand relationship. They argued that not only external customers but also a firm's employees (internal customers) co-create brand value. Consequently, this focus has contributed to an understanding that external and internal customers constitute operant resources.

To illustrate, King (1991, p. 6) argues that “virtually everything we buy is a combination of product and service (Foxall 1985) and that, for a brand to be successful, the service element is going to have to become more dominant (Christopher 1985)...consumers' choice of what they buy will depend rather less on an evaluation of the functional benefits to them of a product or service, rather more on their assessment of the people in the company behind it, their skills, attitudes, behaviour...the whole company culture, in fact.” Thus, King (1991) points out that employees are an important component in the brand value co-creation process and that they may help firms achieve a competitive advantage.

In a related manner, Gilly and Wolfenbarger's (1998) research suggests that internal customers (i.e., employees) are involved in the brand value co-creation process. The authors investigated the effect of advertising on internal customers. Their findings suggest that the internal customers and advertising decision makers differ from each other regarding their values and views of advertising, an indication that firms may underestimate the importance of the employee audience in their branding efforts.

Similarly, Berry (2000) with his service branding framework argues that the firm's employees, rather than the product, play a greater role in determining customer value because “in labor-intensive service businesses, human performance, rather than machine performance plays the most critical role in building the brand” (Berry 2000, p. 130). Key in Berry's (2000) service branding framework is the salient

role of customers' *experience* in the brand value creation process. For example, he maintained that brand meaning for customers who have actually experienced the service is the experience. In contrast, brand meaning for customers who have not directly experienced the service is likely to derive from a company's external brand communications (e.g., word-of-mouth, word-of-keyboard, and publicity).

Therefore, internal customers (i.e., employees) shape and represent the brand promises made to external customers. In support of this view, de Chernatony (1999) suggested that employees are crucial in the brand value creation process. He argues that brands represent the vision and culture of the firm and that this necessarily involves employees to shape and represent a firm's values. Thus, *the focus of brand value creation was on the (internal) customers. Brands were seen as a promise.*

As a result, brand scholars investigating the firm-brand relationship highlighted that a firm's employees (internal customers) constitute important sources for creating brand value. Through their direct and indirect dyadic interaction with the firm's customers, employees communicate a certain brand image at any point of contact. By doing so, employees provide a point of difference and a means to a competitive advantage (de Chernatony 2001). Therefore, the branding literature viewed internal customers as operant resources and active brand value-co-creators (see Table 1 and Fig. 1). This change of thinking in the branding literature extends the FP6 of S-D logic, which states that the customer is always a co-creator of value. In addition, it parallels the FP4 of S-D logic, which states that operant resources are the fundamental source of competitive advantage whereby operant resources constitute not only brands and external customers but also internal customers (see Table 3).

Taken together, the Relationship-Focus Brand Era moved the customers into the center of the brand value creation process and broke away from the thinking of previous eras that highlighted that brand value is created by firms and embedded in the physical goods. This shift in brand logic can also be observed in the brand modeling literature. Scholars originally measured brand value from a pure goods-based perspective but soon realized the potential value to measure brand value from a customer-based perspective (Keller and Lehmann 2006; Leone et al. 2006). The goods-based perspective focuses on modeling brand value in terms of cash flow, revenues, market share, stock price, value in a sale, or similar measures (e.g., Lindenberg and Ross 1981; Simon and Sullivan 1993; see also Ailawadi et al. 2003; Mahajan et al. 1994). In contrast, the customer-based perspective focuses on modeling brand value in terms of positive associations, awareness, loyalty, perceived quality of the brand, the differential effect of brand knowledge to the marketing of the firm, or the price premium that customers are willing to pay for the brand (e.g.,

Agrawal and Rao 1996; Ambler and Barwise 1998; Leone et al. 2006; Srinivasan et al. 2005). It is this latter perspective that acknowledges that customers constitute important brand value co-creators and, therefore, must be taken into consideration when empirically measuring a brand’s value (Leone et al. 2006; Srinivasan et al. 2005).

Stakeholder-focus brand era: 2000 and Forward

Brand scholars in the early 2000s started to examine the *collective and dynamic* processes that underlie brand consumption within society. Specifically, since the early 2000s they began to adopt a stakeholder perspective to branding, which denotes that (1) brand value is co-created within stakeholder-based ecosystems, (2) stakeholders form network, rather than only dyadic, relationships with brands, and (3) brand value is dynamically constructed through social interactions among different stakeholders (see Table 1 and Fig. 1). Accordingly, *a brand is viewed as a continuous social process* (e.g., Muniz et al. 2001) whereby brand value is being co-created through stakeholder-based negotiations (e.g., Brodie 2009; Brodie et al. 2009). Thus, *the focus of brand value creation is on the stakeholders*. In support of this view, Ballantyne and Aitken (2007) argued

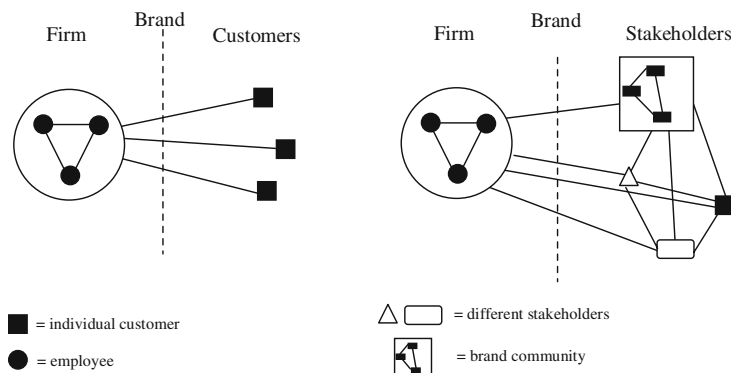
that any brand is dynamically constructed through social interactions and thus its value is located in the minds of its customers and the wider group of opinion makers and stakeholders. Table 2 depicts the main differences between the Relationship-Focus Brand Era and the Stakeholder-Focus Brand Era with regard to the relationship between the firm, brand, and customers.

During this era, the shift in thinking about the nature of the brand value co-creation process was driven by the brand community literature. To illustrate, Muniz et al. (2001, p. 412) defined brand community as “a specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand.” Thus, a brand community consists of a specific set of customers who may or may not own the brand, but who are part of a collective social unit centered on the brand and who adhere to the markers of community: consciousness of kind (intrinsic, felt connection among members), presence of shared rituals and traditions, and sense of moral responsibility (see Muniz et al. 2001, p. 413). The phenomenon of brand communities has recently attracted the attention of numerous marketing scholars who have examined or referred to such brand communities as the HOG (Harley-Davidson) rally (McAlexander, Schouten et al. 2007), Car Club

**Table 2** Relationship-focus brand era versus stakeholder-focus brand era

	<b>Relationship-Focus Brand Era (1990s-2000)</b>	<b>Stakeholder-Focus Brand Era (2000 and Forward)</b>
Orientation	Process Orientation	Process Orientation
Contribution	<i>Dyadic</i> relationships with internal and external customers	<i>Network</i> relationships with all stakeholders  <i>Social</i> relationships among customers (and other stakeholders)
Evolving Brand Logic	<i>External and Internal customers</i> are operant resources	<i>All Stakeholders</i> are operant resources

Visual Depiction



(Algesheimer et al. 2005), Apple Cult (Armstrong and Kotler 2006), Star Wars fans (Brown et al. 2003), Sun's Java center community (Williams and Cothrel 2000), Jeep fans (Schouten et al. 2007), and Apple Newton fans (Muniz et al. 2005).

Research on brand communities demonstrates that brand value is co-created by community-based negotiations and symbolic interpretations of brand-related information, as well as personal narratives based on personal or impersonal experiences with the brands (Muniz et al. 2001). Within a brand community, members directly or indirectly share consumption experiences and enhanced mutual appreciation for the product and the brand (McAlexander et al. 2002). These highly loyal brand communities become the strongest advocates, believers, or even “diehards” of the brand (Gangemi 2006, p. 13). However, brand community members do not need to own the market offering to admire a brand and help co-create a brand's value. Brand owners and non-owners may admire a brand and interact with each other in the form of brand communities. Thus, it is the *dynamic interaction of the customers* within the boundaries of the brand community that *co-create brand value* in these brand communities. What the customers have in common is that they admire the respective brand and perceive a brand's value on the basis of their perception of that brand's use value. Again, however, it is important to note that the customers in the brand community framework are limited to brand admirers (owners and non-owners) who are part of a social unit and who adhere to the markers of community.

Whereas brand community researchers provided evidence that brand value is co-created through highly interactive and dynamic social processes between the firm and the members of a brand community, brand academics in the mid-2000s also began arguing that there are other, non-customer and non-brand-community forces that dynamically interact with each other and create brand value. For example, Jones (2005, p. 10) with his stakeholder framework of brand equity emphasized the importance of relationships between the firm and its various stakeholders and the fact that brand value is not just created through a dyadic relationship between the firm and its customers but “that it is a multifarious construct that is affected by, or the sum of, a gamut of relationships.” Thus, the stakeholder framework emphasizes that process rather than output orientation is important and that all stakeholders contribute to a brand's value, whether or not these stakeholders are part of a social unit and adhere to the markers of community.

Similarly, Ind and Bjerke (2007) proposed the participatory market orientation framework, which highlights that brand value is created by involving employees, customers, and other stakeholders in the development of a brand. Creating brand value from the perspective of the participatory market orientation framework is akin to a bazaar approach to branding, which allows all stakeholders to “take

a peek behind the scenes and have a say when decisions are made...Smart brands will welcome the [stakeholder's] role as a natural partner in a collective process of product and brand development” (Ind and Bjerke (2007, p. 140).

Moreover, Gregory (2007) proposed a process describing the contribution that stakeholders can make based on the concept of a negotiated brand. The author pointed out that firms operate within a dynamic environment in which stakeholders are both diverse and dynamic. The entire network of a firm is part of the stakeholders. Halal (2000) with his notion of corporate community encouraged firms to recognize that stakeholders constitute partners who can collaborate with them in problem-solving. Gregory's (2007) notion of negotiated brand predicates a negotiated brand based on a firm working with its various stakeholders (internal and external), and being responsive to their input. Through a process of dialogue and negotiation, brand value and meaning develop over time.

As a result, this era has contributed to an understanding that brand value is not only co-created through isolated, dyadic relationships between firms and individual customers. Rather, it is also co-created through *network* relationships and social interactions among the ecosystem of all the stakeholders (Iansiti and Levien 2004). The literature on component branding, which acknowledges that firms operate in networks and that such networks play important roles in branding through “components”, supports this reasoning. A firm's network is part of the stakeholders. Brand value is viewed as the brand's perceived use-value and determined, collectively, by *all* stakeholders. These most recent theoretical developments in the branding literature are consistent with S-D logic's conceptualization of *service ecosystems*. Most importantly, brand academics in this era highlighted that all stakeholders—through their negotiation, dialogue and collaboration—can be viewed as resource integrators that collectively function as an interdependent ecosystem to mutually create value, as perceived phenomenologically (i.e., in context). These notions reflect and parallel FP9 and FP10 of S-D logic, which state that value is always uniquely and phenomenologically determined by the beneficiary and that all economic and social actors are resource integrators, respectively.

In sum, the preceding review of the branding literature of the past several decades suggests that the branding literature has evolved away from a brand logic that viewed brands as identifiers and embedded in goods and brand value as determined through value-in-exchange to a *new brand logic* that views brands as dynamic and social processes and brand value as a brand's perceived value-in-used determined by all stakeholders. Moreover, the preceding discussions demonstrate that the *new evolving brand logic* parallels and reflects the new evolving service-dominant logic in marketing. Table 3 summarizes the evolution of the

**Table 3** Evolution of the branding literature and supported foundational premises (FPs) of the S-D logic

Brand Era	Evolution of Branding Literature	Explanation	Supported FPs of S-D Logic
<b>1900s–1930s: Individual Goods-Focus Brand Era</b>	Customers and brands constitute operand resources. Brand value is embedded in the physical good and created when goods are sold (output orientation). Brand value is determined through value-in-exchange.	The Individual Goods-Focus Brand Era takes a Goods-Dominant Logic perspective to branding.	
<b>1930s–1990s: Value-Focus Brand Era</b>	Brands constitute operand resources. Brand value is determined through value-in-exchange. Brands begin to be viewed as operand resources, but brand value is still being viewed as determined through value-in-exchange.	Brands add functional value to any market offering when exchanged in the marketplace. Brands stand on their own.	FP7: The enterprise cannot deliver value, but only offer value propositions. FP4 (brands): Operand resources are the fundamental source of competitive advantage.
<b>1990s–2000s: Relationship-Focus Brand Era</b>	Brand value is determined through customers' perceived value-in-use.	Customers constitute co-creators of brand value. Brand value is the perception of a brand's use value collectively determined by all customers.	FP1: Service is the fundamental basis of exchange. FP3: Goods are a distribution mechanism for service provision. FP6: The customer is always a co-creator of value.
Customer-Brand Relationships Focus	Brand value creation is relational (process orientation).	Brand value is co-created through affective <i>dyadic</i> relationships that customers form with their brands.	FP10: Value is always uniquely and phenomenologically determined by the beneficiary. FP4 (external customers): See above. FP8: A service-centered view is inherently customer oriented and relational.
Firm-Brand Relationship Focus	External and <i>internal</i> (employees) customers constitute operand resources.	Internal customers provide a point of difference. Through their direct and indirect interaction with the external customers, they constitute co-creators of brand value.	FP4 (internal customers): See above.
<b>2005s and Forward: Stakeholder-Focus Brand Era</b>	<i>All</i> stakeholders constitute operand resources.	All stakeholders form network relationships with brands and interact socially with other stakeholders. All stakeholders co-create brand value.	FP9: All economic and social actors are resource integrators.

FP = Foundational Premise; FPs are listed only in the brand era in which they were first supported and are inclusive in all preceding brand eras.

branding literature and the foundational premises (FPs) of S-D logic that parallel the individual brand eras. The FPs are listed only in the brand era in which they were first supported and are inclusive in all proceeding brand eras.

### Discussion and research directions

The present research traces the evolution of the branding literature. We demonstrated that brand scholars have shifted their focus over the past several decades from viewing a brand as an identifier to viewing it as a dynamic and social process. Thus, the branding literature shifted from an output orientation (brand value is embedded in the physical goods and determined through value-in-exchange) to a process orientation (brand value is co-created with all stakeholders and determined through all stakeholders' collectively perceived value [in the context of their own lives]). Furthermore, it shifted from viewing internal and external customers as exogenous to the brand value creation process to viewing them as endogenous. Finally, the branding literature shifted from viewing brands as operand resources and directly connected to the market offering to viewing brands as operant resources that exist independently from the market offering. This shift in the branding literature seems to mirror the shift that has taken place in the marketing literature in general—the shift toward a more service-dominant (S-D) logic.

We believe that the contribution of this insight lies not only in providing a perspective to understanding the existing branding literature, but also in providing a vision that guides future theoretical contributions to the branding literature. For example, it points towards an integrated branding framework that focuses on the concept of brand value co-creation—a brand value co-creation (BVCC) model. Central to such a BVCC model is the idea that a brand constitutes a collaborative, value co-creation activity involving all stakeholders and the firm. That is, all stakeholders and the firm can be viewed as resource-integrators that collectively co-create a brand's value. Because the brand value co-creation process involves the constant interaction among brands, firms, and all stakeholders, a BVCC model would support Webster's (2000) viewpoint that a brand's value is created not only in end-consumer relationships but also within a network of marketing relationships.

Overall, such an integrated BVCC model has the potential to bring together apparently disparate research streams within the branding literature (e.g., customer-based versus goods-based perspectives). By integrating the collective knowledge of existing brand conceptualizations, such a BVCC framework might constitute a starting point of a more cohesive and consistent branding literature.

Research along the lines of the BVCC framework might examine how the proposed model will look like for non-branded items. Non-branded products may be viewed as products that do not contain a brand name or that only have descriptive titles instead of names. It seems likely for non-branded items that consumers and firms co-create meaning value. If so, then what is the difference between such brand (for branded items) and meaning (for non-branded items) value co-creation models and are both models consistent with S-D logic?

In a similar vein, whereas we discussed the importance of brand communities in the brand value creation process, further research is necessary to investigate how non-brand-focused communities help co-created brand value. For example, Kates (2004, 2002) explores ways that meanings and brands are co-created in the gay community. According to Kates, a gay community constitutes a “non-brand-focused community” (Kates 2004, p. 455), that is, a community that is *not* necessarily based on a structured set of social relationships built around admirers of a brand. He finds that shared ways of interpreting meanings within social interaction provide the connection between the community and its legitimate brands. Therefore, it would be useful to explore the impact of such non-brand-focused communities on such brand and meaning value co-creation models. Moreover, future research might investigate how research streams outside of branding link to and further strengthen such a transcending BVCC model. For example, it would be interesting to investigate how the self-concept literature (Belk 1988; Belk et al. 1982), the Consumer Culture Theory school of thought (Arnould and Thompson 2005), literature on symbolic interactionism (Ligas and Cotte 1999; Solomon 1983; Venkatesh et al. 2006), the co-creation and co-production literatures (Bendapudi and Leone 2003; Prahalad and Ramaswamy 2000), and the literature on conspicuous self-presentation (e.g. in personal Web spaces when the body is absent; Schau and Gilly 2003) contribute to the understanding of a BVCC framework.

In addition, future research may further examine the brand value co-creation process. One line of inquiry might involve applying the concept of brand value co-creation to different kinds of brands. For example, even though branding in the industrial market is not a new phenomenon, the majority of branding research has focused on firms serving consumer markets (Martinez and de Chernatony 2004; Bengtsson and Servais 2005). An alternative line of inquiry may investigate the intermediary's perspective in the brand value co-creation process; an inquiry which is in line with Leone et al.'s (2006) call for more research that helps intermediaries gauge a brand's value (e.g., the value of the brand to retailers). Maybe what is needed is a taxonomy that describes different types of brand value co-creation processes pertaining to different kinds of brands.

Moreover, the relationships among the players in the brand value co-creation process (i.e., firms, including intermediaries, brands, and all stakeholders) warrant further exploration.

Another promising area for future research is the development of brand value measures that capture the essence of the brand value co-creation notion (i.e., process orientation). As mentioned, the existing measures of brand value have evolved from a generally firm/goods-based perspective to a more customer-based perspective (Keller and Lehmann 2006; Leone et al. 2006). However, these scholarly studies are mostly output-oriented. The fact that some customer-based mathematical studies have taken into consideration “brand loyalty” as one component of an overall brand value measure signifies that relationships, and hence process orientation, have been acknowledged to be important. Further research, however, is needed that adopts a purely process-oriented approach to assessing brand value. Further research might also explore ways to operationalize and capture the long-term value of a brand.

### Managerial implications

The question of how brand value is created is important to brand managers. It is not surprising, therefore, that prior research has attempted to address this question (e.g., Holt et al. 2004; Keller 1993; Quelch 1999). We have demonstrated that it is becoming apparent that properly addressing this question requires a new understanding of the brand value creation process, one that takes into consideration the collective insights of existing brand conceptualizations and the evolution in the branding literature toward a new brand logic.

Our analysis suggests that managers might consider focusing on building and maintaining strong relationships with their stakeholders, broadly defined. Specifically, firms might benefit from collaborating with their customers and managing their customer network relationships (see Lusch et al. 2007). Recent successful branding practices (e.g., Fire Fox, Jones Soda, WD-40, Crispin Porter + Bogusky) have pointed to the important role of customers in promoting the identity, image, and value of a brand. Therefore, managers might want to try to encourage customers to voluntarily become involved in the brand value co-creation process, and hence create brand value from the bottom up rather than from the top down. Rethinking a brand as being actively created and used by customers will go a long way from the traditional branding practices, which focus on influence and persuasion.

Managers might want to start by acknowledging that customers are active brand value co-creators—and as such capable of imaging and judging—rather than solely passive recipients of brand information. Peoples’ mental experi-

ences might stand in the way of branding strategies that focus on manipulating and persuading, but might become invaluable resources for managers who advocate branding strategies that emphasize value co-creation. Recognizing customers as active players in the brand value co-creation process might also create a useful way to distinguish collaboration from deception in brand policy.

Brand value is also *indirectly* co-created with customers that do not become brand buyers. To illustrate, children can dream about Disneyland, sports fans can follow teams but never purchase a ticket or piece of athletic apparel related to their favorite team, or a college graduate can dream of an Aston Martin. This observation suggests that managers might want to expand their view and also develop and maintain strong relationships with their firm’s *extended* customer base, beyond their *actual* customer base. This implies that branding cannot be simply viewed as managerial efforts or dyadic relationships between customers and firms. Instead, a better view of branding might be to view it as a cultural phenomenon that is driven by the incongruities and synergies among managers, employees, customers, and other stakeholders. Any branding strategy that is isolated from any stakeholder might be up against the influence of social and cultural forces. Branding practices might be better situated to reflect and influence the cultural and ideological movement of the entire society, if managers adopted a broader and more societal view of brand and branding.

This research also suggests that managers might want to be aware of the challenges involved in measuring brand value. For example, it seems unlikely that one single measure adequately reflects the value of a brand. Recent branding research has pinpointed the pitfalls of applying only one perspective to gauge brand value (Leone et al. 2006). In particular, traditional firm/goods-based approaches (e.g., revenue premium; Ailawadi et al. 2003) do not provide insights into customer-based sources of brand value. Similarly, the more recent customer-based approaches to measuring brand value do not sufficiently account for the role of the brand communities, stakeholders, and dynamic and social interactions among the different actors in the brand value co-creation process. Given this, brand managers might want to use multiple sources to gauge the success or failure of a brand, until a more complete measurement of brand value exists. Moreover, given the process-orientation of the brand value co-creation process, managers might want to track the health of their brands periodically to diagnose potential problems resulting from the different actors in the brand value co-creation process and guide marketing decisions.

Finally, this research suggests that managers might benefit from implementing a company philosophy that emphasizes co-creation. Firms are not best characterized as

either services firms or goods firms, but rather as *service* (singular) firms, some of which use goods in their service delivery. Thus, managers and employees might want to acknowledge that service can be provided directly or through goods and that all stakeholders actively participate in the brand value creation process. This re-orientation of managerial thinking, however, will require a new, service-dominant company philosophy, which will need to be ingrained in all employees.

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