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BRAND EQUITY AND ITS IMPACT ON SALES VOLUME

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Abstract:
Brand equity plays a crucial role in influencing sales volume, impacting a company's revenue and market performance. Brand equity refers to the intangible value that a brand holds in the minds of consumers. It encompasses various factors such as brand awareness, perceived quality, brand associations, and brand loyalty. When a brand has strong equity, it tends to attract more customers, command higher prices, and enjoy greater customer loyalty. Brand equity influences sales volume by enabling premium pricing, fostering customer loyalty, driving word-of-mouth referrals, and attracting new customers, all of which contribute to increased sales and revenue for the brand.

Keywords: Brand Equity, Intangible Value, Brand Awareness, Customer Loyalty, Sales, Sales Volume, Revenue, Brand, Perceived Quality, Building Trust,

In today's competitive business world, understanding the relationship between brand equity and sales volume is crucial for companies aiming to maximise their market share and profitability. This literature review explores the significance of brand equity and its impact on sales volume, particularly from the perspective of behavioral economics. The objective of this review is to offer a comprehensive insight into how consumer behavior affects the effectiveness of brand equity strategies in boosting sales, incorporating insights from behavioral economics into the analysis. Brand equity pertains to the value that a brand contributes to a company's products or services. This value is influenced by several dimensions, including brand awareness, brand loyalty, perceived quality, and brand associations[1]. Strong brand equity is pivotal in shaping positive consumer perceptions, building trust, and fostering differentiation within the marketplace.
These factors collectively contribute to increased sales and market share for the brand[2]. Behavioral economics integrates principles from both psychology and economics to examine the decision-making processes and choices of individuals. It

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places a strong emphasis on understanding cognitive biases, heuristics, and emotional factors that significantly impact consumer behavior[3]. In the domain of brand equity, behavioral economics offers insight into how consumers' cognitive processes and emotional responses influence their perceptions and choices when making purchasing decisions. Numerous studies have emphasized the favorable influence of brand equity on sales volume. For instance, A strong brand equity contributes to increased market share and improved customer loyalty, resulting in steady sales growth over time[4]. Similarly, Brand equity plays a crucial role in shaping consumer choice behavior, ultimately driving higher purchase intentions and leading to actual sales[5]. When viewed from a behavioral economics perspective, the correlation between brand equity and sales volume is intricate. Behavioral biases like the anchoring effect, social proof, and framing effects can significantly impact consumers' perceptions of brand value and their readiness to pay premium prices[6]. Moreover, emotional factors such as brand trust, brand love, and brand attachment play a pivotal role in fostering repeat purchases and promoting brand advocacy[7]. Integrating insights from behavioral economics into the analysis of brand equity and sales volume enriches our comprehension of consumer decision-making processes. For instance, examining how cognitive biases influence brand perception can assist companies in formulating more impactful branding strategies and pricing tactics. Furthermore, grasping the emotional drivers of brand loyalty can result in targeted marketing campaigns that align with consumers' values and preferences. Brand equity is a critical concept in marketing that refers to the value a brand adds to a product or service. It encompasses various dimensions such as brand awareness, brand loyalty, perceived quality, and brand associations. Understanding brand equity is essential for marketers as it influences consumer behavior, market share, and profitability. Various theoretical models exist to elucidate the concept of brand equity. For instance, Aaker's Brand Equity Model highlights brand awareness, perceived quality, brand loyalty, and brand associations as fundamental components. On the other hand, Keller's Customer-Based Brand Equity Model emphasizes the significance of brand resonance and customer engagement in building robust brand equity. The benefits derived from brand equity stem from three primary sources.

The first source is Brand Loyalty. In Brand Loyalty clients who exhibit loyalty to a brand often make recurring purchases, promote the brand, and are hesitant to switch to rival brands. The second source is Perceived Excellence. In this source,

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brands that are widely perceived as high-quality can charge higher prices, draw in new customers, and uphold customer contentment. The last one is Brand Connections. In this source, favorable connections associated with a brand, such as positive traits, emotions, or experiences, can improve brand image, draw in customers, and set the brand apart from competitors[8]. Numerous studies have investigated the correlation between brand equity and various marketing results. For instance, a study conducted discovered that robust brand equity has a positive effect on customer loyalty and their inclination to pay higher prices[9].

Marketing scholars and professionals are showing a growing interest in exploring how different marketing actions influence performance. An increasing concern among both academics and practitioners is that the inability to showcase the impact of marketing may not only diminish the influence of the marketing function but also raise questions about its credibility[10]. Brand equity is the value that a product gains from having a brand name, compared to the value it would have if the same product were unbranded[11]. Brand equity represents consumer attitudes and associations linked to a branded product, which collectively result in specific outcomes such as increased sales volume, higher prices, and greater profitability[12]. These outcomes are crucial for quantifying the value of a brand because they are inherently connected to market forces[13].

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