

Evaluating the Firm Brand Exploitation Strategy: A Value-based Approach

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Abstract

Although prior research has established that brands contribute to firm value, little knowledge exists about the exact mechanism by which they generate value for investors—that is, which value drivers they influence. Having knowledge about important value drivers, such as profitability, expected earnings growth, and duration of excess return (competitive advantage), is important for deriving the appropriate value-based brand exploitation strategy, because the contributions of these value drivers can differ across firms. At the same time, the impact of brand on value drivers also differs across firms. Therefore, to be most effective, a value-based brand exploitation strategy should involve leveraging the brand for the most influential value driver to appropriate the highest value in the marketplace. In this submission, the authors conceptualize this idea, which can be tested using empirical data.

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