Introduction

Similar to the industrial revolution, e-commerce has changed the way companies conduct business. The recent advances in information technology have profoundly altered the way consumers interact with companies. Many business activities are performed more efficiently and effectively on-line. This has led to the emergence of different types of business-to-consumer (B2C) businesses such as content providers, retailers, portals, etc. (Applegate & Collura 2000). Although B2C businesses vary in terms of the activities they perform, there is a fundamental commonality inherent

Abstract

Brand equity is an important asset that a B2C company can leverage to compete and prosper in its unique and intensely competitive environment. This paper provides a framework for building brand equity online for B2C companies by drawing on Keller’s (1993) consumer-based brand equity model. Based on this framework, some strategies are suggested to build brand equity online. Implications of the framework for research and practice are also discussed.

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among them. Like traditional companies, they must compete with other companies, both on-line and off-line, who provide similar products and services (Porter 2001). Thus, Travelocity must compete with other B2C companies, such as Orbitz and Expedia, in addition to traditional travel agents for consumers’ business.

One strategy to compete successfully in the market place is differentiation (Porter 1985). It involves ‘differentiating the product or service offering of the firm, creating something that is perceived industrywide as being unique’ (Porter 1980, p. 37). Differentiation can be created along many dimensions such as design, technology, features, customer service, dealer network, etc (Porter 1980). However, B2C companies may find it more difficult than traditional companies to differentiate their products/services due to their intangible nature and ease of replication. For instance, it is difficult for consumers to tell the difference between Travelocity and Orbitz. If they cannot distinguish Travelocity from Orbitz, then these B2C companies are trapped in a commodity competitive environment. A commodity competitive environment does not lead to customer loyalty and repeat sales, and may adversely impact their very existence (Porter 1985, 1980).

To avoid competing in a commodity competitive environment companies must differentiate themselves by identifying resources/assets that can be leveraged to provide superior customer value. The marketing literature has identified many such resources/assets. Some are tangible (e.g., plant and equipment); others are intangible (e.g., knowledge and relationships). Brand equity is one such intangible asset that companies can successfully leverage to differentiate their products/services and create superior customer value (Barney 1991; Day & Wensley 1988; Grant 1991; Srivastava, Fahey, & Christianson forthcoming; Srivastava, Shrvani, & Fahey 1998). This paper explores how brand equity can be created online for B2C companies. To the best of the authors’ knowledge, this issue has not been addressed before.

The remainder of the paper is organized as follows. In the next section, brand equity is defined, and how it provides value to both consumers and B2C businesses is discussed. In the following section, a theoretical framework for creating brand equity for B2C businesses is described. The implications of this framework for practice and research are then discussed. Finally, some concluding remarks are provided.

### Brand Equity and B2C Business

Aaker (1991, p. 15) defines brand equity as ‘a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a company and/or to that company’s customer.’ Keller (1993) and Farquahar (1989) provide similar definitions in which they stress the incremental value endowed by a brand. The premise is that consumers will choose the product of a company because its brand name has created value for them.

### Value of Brands to the Consumer

From a consumer’s perspective, brand equity can facilitate product choice decision and outcome satisfaction (Aaker 1991). When consumers have certain needs, they require information with which to make a choice among competing offerings. They neither have the resources nor the willingness to conduct an exhaustive search for relevant information. In the absence of such information, consumers use mental short cuts or heuristics to make decisions (Tversky & Kahneman 1974). They rely on those heuristics that are easily accessible from memory (Kahneman, Slovic & Tversky 1982). Strong brands are more accessible from memory, and consumers are able to make relatively good choices without too much effort (Herr, Kardes & Kim 1991).

When choosing an offering from many similar alternatives, consumers seek information about their quality to minimize their risk. However, consumers may not be able to evaluate the quality of the product (even if they have all relevant information) because of their limited information processing capability (Simon 1983). Thus, they look for signals of quality. A strong brand name is one such strong signal of quality (Dawar & Paker 1994; Erdem & Swait 1998). Consumers rely more on brand names as an indication of quality than any other information (Zeithaml 1988).

Past studies on brand equity have focused on both consumer (Yoo, Donthu & Lee 2000) and industrial products (Kim et al. 1998) in brick-and-mortar environments and have shown that brand equity is important in both situations. Brand equity on-line products and services, however, has not been investigated.

### B2C Business and Brand Equity

Although brand equity is an important asset for traditional businesses, it may be an even more critical asset for B2C business (Hilton 2001; Mazur 2001; Mitchell 2000; Sealy 2000; Sweeney 2000). Unique nature of B2C business environment makes it (1) easy to replicate on-line business models; (2) easy to obtain information; and (3) difficult to assess the trustworthiness/legitimacy of on-line companies. Without brand equity, B2C businesses will be unable to differentiate themselves and will be trapped in a commodity environment.

### Ease of replication of B2C business models

One of the key ways for companies to compete is to create value for the customers by differentiating their offerings based on the needs of the target market. This is much easier for tradi-
tional companies. They may add or strengthen an attribute or create or enhance their image to differentiate their offerings. For example, Morimoto, an upscale restaurant in Philadelphia differentiates itself from other restaurants by hiring a well-known chef. That chef has the ability to create certain types of unique food that delight customers. On the other hand, Walton’s, a small golf store, has enhanced its image by providing specialized service such as custom fitting of all clubs.

According to Porter (1980), a company has sustainable competitive advantage only as long as its business model has not been replicated. Unfortunately, it is much easier to replicate a B2C company’s business model. How does a B2C company differentiate its offerings, especially when it is relatively easy to replicate its model? One way is by branding. Although a B2C business model can be replicated, the brand cannot be copied. The brand must be developed over time, and unique brand associations created. These unique associations allow the B2C company to differentiate its product/services.

eBay illustrates this idea. There are (and have been) other on-line auction companies besides eBay. Network externalities (Shapiro & Varian 1999) have been important to eBay’s success, in that the value provided by eBay (e.g., product availability and auction item liquidity) to an individual customer increases non-linearly, as more customers participate (both as buyers and sellers) in eBay’s auctions. However, positive network externalities would not be possible without eBay’s brand equity – i.e., brand equity drives them. eBay dominates the market because other companies could not replicate its brand name, and cannot surmount the positive network externalities resulting from eBay’s brand name.

The name eBay invokes many associations in consumers’ minds. When consumers think of eBay, positive images such as fun, able to obtain any products, good value, and safety may come to their minds. These positive unique associations in consumers’ minds are probably what allow eBay to differentiate its offerings. Thus, eBay leverages its brand name to dominate in a market where other on-line companies have the ability to replicate its business model.

**Ease of obtaining information.** When making a choice among competing offerings, consumers are unwilling to spend their time and effort to conduct an exhaustive search for relevant information. This is due to the cost involved in collecting the information. To get such information, they may have to consult other sources such as Consumers Union’s Consumer Reports or visit stores of companies offering these products/services. Thus, consumers incur cost in terms of time and effort to collect information. The Internet has substantially reduced these search costs to a few effortless keystrokes for online consumers (Sinha 2000, p.4). This has led to cost transparency, and has the potential to turn on-line businesses into commodities.

How does a B2C company prevent this from happening? Although information search is made easier by the Internet, the consumer must process the information to form preferences. The formation of preferences requires the exertion of cognitive capacity, and consumers disdain using cognitive capacity if it is not needed (Shugan 1980). Thus, there is a cost associated with information processing, and if the processing cost outweighs the benefits derived, consumers will not be motivated to process, even after they have performed a search. A B2C company can reduce consumers’ need to perform search and processing by building brand equity. If the consumer perceives that the B2C company’s offering is of high quality, is satisfied with his/her past experience with the company, and trusts the company, there is no reason for the consumer to perform a search. Moreover, the consumers may not be able to assess the validity of the collected and processed information anyway due to information overload and weaknesses in search engines (Rose, Khoo & Straub 1999). Thus, a B2C company’s high brand equity may deter the consumers to search for information even when it is easy to do so.

**Difficulty of assessing the trustworthiness/legitimacy of the on-line business.** A major challenge facing B2C companies is gaining consumers’ trust. Unlike traditional companies, where products/services are sold through established channels of distribution, B2C companies are in virtual reality. Consumers have no contact with them except through the Internet. Consumers may doubt the legitimacy of these companies. The mounting frequency of on-line fraud has only exacerbated this problem (Fisher 2000).

In addition to the issue of legitimacy, there is also the issue of trust. The consumer may identify an on-line company as a legitimate company. However, s/he may not trust that company. Hoffman, Novak and Peralta (1999) found lack of trust as a major deterrent to on-line purchasing.

Legitimacy and trust are important issues, and are difficult to establish for B2C companies. Lack of perceived legitimacy and trust in consumers’ minds may deter them from doing business with B2C companies. Thus, B2C companies must convey to consumers that they are legitimate and trustworthy. One way to accomplish this may be to build a strong brand. A strong brand can communicate these attributes to consumers and reduce their risk of conducting business with B2C companies.

Having discussed the value of brands to consumers and importance of brand equity for B2C businesses, a framework for creating brand equity for these busi-
nesses will now be developed. This framework can also be used for small, regional bricks and clicks companies that are effectively pure-play outside of their local region.

Framework for Developing Brand Equity of B2C Businesses

As discussed above, brand equity is an important asset that can be used to enhance competitive position. But how does a company create its brand equity? Can it be developed? Kim et al. (1998, p. 69) suggest that any company has significant control in the creation of its brand equity, and it can enhance its already created brand equity through well-coordinated marketing efforts. Thus, brand equity can be developed. Prior research has examined developing brand equity in the context of traditional business environment. Due to the unique environment of B2C businesses, as discussed in the previous section and summarized in Table 1, their brand equity will need to be developed differently from that of traditional businesses. Clearly a framework for creating brand equity is needed that can be applied to B2C businesses.

Table 1: Environment Comparison of B2C and Brick-and-Mortar Businesses

<table>
<thead>
<tr>
<th>Type of business</th>
<th>Ease of replication</th>
<th>Ease of obtaining information</th>
<th>Difficulty of assessing trustworthiness/legitimacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brick-and-Mortar</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>B2C</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

Keller’s model puts forth awareness and knowledge of the product as building blocks of brand equity. He suggests that brand equity leads to differential effects (e.g., choice, inclusion in the consideration set) because consumers are aware of and have knowledge about the brand (i.e., strong, favorable and unique brand associations). The same is true for B2C companies. However, since the on-line environment differs from that of traditional companies (see Table 1), achieving awareness and knowledge may require different strategies. Some of these strategies are identified and discussed in the proposed framework, shown in Figure 1, below.

Awareness of the Brand Name

The first step in building brand equity for B2C on-line companies is to create brand awareness. Before a B2C company can be included in a consideration set, consumers must be aware in the mind of the consumer. Marketers in the past have argued that the main competition of a company is for the consumers’ mind (Ries & Trout 1981). Thus, the Keller’s idea that the creation of brand equity occurs in the mind of the consumer is consistent with past thinking.

To develop such a framework, existing models of brand equity are drawn upon. Several models of brand equity have been proposed in the marketing literature (e.g., Aaker 1991; Farquhar 1989; Keller 1993; Kim et al. 1998). Since the goal is to develop a framework for B2C companies, an appropriate model to draw on is Keller’s (1993) consumer-based brand equity model. He suggests that brand equity resides in the mind of the consumer. Marketers in the past have argued that the main competition of a company is for the consumers’ mind (Ries & Trout 1981). Thus, the Keller’s idea that the creation of brand equity occurs in the mind of the consumer is consistent with past thinking.
of the company. Increasing the awareness of the B2C company will make it more accessible from memory, and increase its probability of being included in the consideration set (Nedungadi 1990). Moreover, consumers may use heuristics to choose B2C companies. Similar to the availability heuristic (Tversky & Kahneman 1974), consumers may think the probability of a B2C company providing quality offerings higher if they are more aware of it. Thus, the first goal of the B2C company is to create ‘top of the mind awareness.’

To build ‘top of the mind awareness,’ the B2C company must generate large numbers of exposures through both offline and on-line advertising and promotion. For offline advertising and promotion, they can rely on traditional methods. For on-line advertising and promotion, the company may consider a combination of the following strategies: (1) register with a search engine; (2) advertise on the Web; (3) facilitate word-of-mouth communication; and (4) maximize cross-promotion.

Each of these is described in more detail below.

Search engines. Search engines that dominate the Internet can be of immense help in creating awareness about a company. They direct consumers to relevant websites and thus create exposures for B2C companies. In directing consumers to relevant websites, search engines place them in some order, and to increase awareness, a B2C company should get its website listed on the first page of the search results, preferably at the top of the list. Consumers typically visit the websites listed first, and in many cases the first website in the search result list may be the only website they visit.

To have its website listed first, a B2C company must understand how different search engines work (Nobles & O’Neil 2000). Different search engines may use different heuristics in provid-ing their search results. A B2C company must determine the heuristics being used, and create meta-tags with all appropriate synonyms to get its website listed high on the search list. Furthermore, it should negotiate terms with the most used search engine companies to have its website displayed first.

Advertising on the web. An important decision in traditional advertising has centered on media and vehicle. The traditional companies had to choose the appropriate media (e.g., television, radio, newspaper, magazine), and vehicle (e.g., which television show, which magazine, which newspaper). For B2C companies, an important advertising decision may involve choosing an appropriate vehicle.

An important goal of the B2C company is to achieve as many exposures as possible to create awareness. One way to garner these exposures is to advertise on appropriate websites. For example, if an individual looks for information about Anfernee Hardway on the NBA website, he/she will see an eye-catching logo of eBay (along with a link to eBay) with other information. Even if the individual doesn’t visit eBay, at least s/he is exposed to the eBay name. This type of exposure, although minimal, may not only lead to increased awareness of the on-line company, but also could increase the positive attitude toward the company (Zajonc 1968).

Word-of-mouth and word-of-mouse. The creation of awareness can also be enhanced by word-of-mouth. Word-of-mouth, unlike other forms of communication, leads to higher accessibility of information from memory (Herr et al. 1991). Because the information is more accessible from memory, recall of an on-line company name is much more likely when consumers’ needs are aroused.

A similar concept, word-of-mouse, can be employed in an on-line environment. A B2C company can increase awareness by spreading the word about it through consumer’s social network (Helm 2000). Once a consumer visits the B2C company’s website, he/she can be provided with the means and incentive to e-mail the website address to his/her friends and/or family members. Since the information is coming from a friend/family member, it is more likely they will visit the website, and thus get exposed to the B2C company and be aware of it.

Cross-promotion. The use of cross-promotion has been increasing in the traditional business environment. For example, MCI has teamed up with major airlines to run cross-promotions about its long-distance telephone services. This increased cross-promotion may lead to increased market share and better brand awareness for MCI (Gruner 1997).

Since building brand equity of B2C companies requires ‘top of the mind awareness,’ these firms may take advantage of cross-promotions. The use of cross-promotions allows them to pool their resources with those of other companies to create awareness on a larger scale. However, it should be noted that when seeking cross-complimentary partners, B2C companies should choose partners that have complementary products. Cross-promotion using complementary products increases awareness much more than using non-complementary products (Samu, Krishnan & Smith 1999).

In summary, an important aspect of building brand equity of B2C businesses is to create and increase awareness. The goal is to create ‘top of the mind awareness.’ Some strategies for accomplishing this in an on-line environment have been identified above.

Knowledge about the B2C Company

Keller’s (1993) second component to building brand equity is to enhance knowledge about the B2C company. The goal is to augment consumers’ positive
image of the B2C company by linking strong, favorable, and unique features with its brand name. Thus, when consumers think about a product or service, not only the B2C company should come to their mind but also positive associations about it.

A positive brand image is created by well designed and executed marketing programs that link strong, favorable, and unique associations in the consumer’s mind to the brand. Although there are many associations that can be created by B2C companies, two associations that are critical involve quality and trust. B2C companies must convey that they have a high quality offering and that consumers can trust them.

Quality and Brand Equity. Consumers’ perceptions of a company’s product and/or service quality create strong and unique associations in their minds. High quality products or services lead to satisfied customers who reward the company with repeat business and positive word-of-mouth advertising (Evans & Lindsay 1999). Consequently, quality is the cornerstone of brand equity.

Quality is defined as ‘the totality of features and characteristics of a product or service that bears on its ability to satisfy given needs’ (ANSI/ASQC A3-1978 1978). This definition is in agreement with the concept of a product. In addition to the physical product, there exists an augmented product. The augmented product consists of services that go along with the product purchase (e.g., customer service and return policy). In some situations, the augmented product may be more important than the physical product in determining quality.

An augmented product that is important to B2C companies is their website. They need to create high quality websites or enhance the quality of existing websites, as they are the only means of doing business on-line.

There are three elements to creating a high quality website: web usability, design, and information architecture (Calisaya 2000; Dustin et al. 2001; Lynch & Horton 1999; Nielsen 1999; Reiss 2000; Rosenfeld & Morville 1998). Web usability relates to page, content, and site design of the website. Usability requires that the site be easy or intuitive to use and be useful for entertainment, browsing, research, communication, and/or whatever purpose it was created for. Companies need to always keep customers in mind when designing their website as users experience usability first and buy later.

A sound design is another component in creating a high quality website. Many design features that make potential customers stay on and explore a company’s website have been identified (Dustin et al. 2001; Lynch & Horton 1999). Most important of these features is simplicity of the web page that helps users quickly find what they want. A good website needs to have a hierarchy of menus and pages that feels natural and well structured to the user. An inverted pyramid layout, which places important contents at the top of the page, has been found useful. Second, a website should be designed in such a way that it can be used by people with ‘old’ hardware and software. Minimal use of graphics and animation is desired as they increase the download time. Download time has been shown to impact consumers’ decision to abort the page load prematurely (Rose, Lees & Meuter 2001). Third, a well designed website should also be well linked (Rose, Khoo & Straub 1999). Related links to different web pages should be provided within the website. It should also provide links to other websites for relevant material. Fourth, a meaningful title should be assigned to every page. Fifth, pages should be written in small paragraphs with high contrast between text and background for legibility. In summary, a good website should provide good content (who we are, what we do, and what’s new), navigation (here’s what we have and how you get there), search tools, and help links. Finally, when designing a website, designers should think carefully about what users will do when they arrive.

Creation of a quality website also requires a well-thought of high-level ‘blueprint’ or information architecture (Calisaya 2000; Reiss 2000; Rosenfeld & Morville 1998), which includes organization and labeling of major areas, clarification of relationships among these areas, and demonstration of functionalities. Information architecture plays a central role in determining whether users can easily find the information they need. It begins with research into mission, vision, content, and audience and provides a foundation for the development of a successful information infrastructure design that supports long-term growth and management. It involves developing and communicating a holistic view of the web site. It also includes an overall social and technical structure of the site and the relationships among its elements. (Social elements include the mission, vision, and goals for the site, and its central metaphors. Technical elements include organization of the site, its contents and functionality, and types of navigation, searching, and labeling mechanisms.)

Trust and Brand Equity. The cost to acquire a customer is significantly higher in an on-line environment than in traditional retail channels (Reichheld & Schefter 2000). For example, in apparel sector, new customers cost 20%-40% more for on-line companies than for traditional retailers. For an on-line company to recover its initial acquisition cost, a customer must stay with a company for at least two to three years. Unfortunately, a large percentage of new customers defect long before that. Trust plays a central role in retaining these customers. Trust leads to customer loyalty (Reichheld & Schefter 2000). The value of loyalty is higher in on-line environment than in the physical world.
because of higher customer acquisition cost and higher defection rate (Reichheld 2001). One cannot generate superior long-term profits unless one achieves superior customer loyalty. Loyal customers not only take over the function of advertising and sales by providing word-of-mouth and word-of-mouth free advertisement and referral, they also staff the company’s help desk for free.

How does a B2C company build trust? Building on-line trust requires always acting in the best interest of customers, which involves a full range of the company’s interactions with customers (Hoffmann et al. 1999; Reichheld & Schefter 2000). It starts with initial interaction with customers on the company’s website and may end with post-sale service and support. This requires that the company be helpful to customers at every stage of their decision-making process from initial need assessment, search for products, evaluation of comparative products, order placement, payment, delivery, post-sale support and service, to disposal of products. Online companies can institutionalize ‘small-town’ rules of trust by proactively building and engaging on-line communities through discussion boards and chat rooms. Furthermore, B2C companies must provide security and privacy for sensitive customer information by using secure technologies such as encryption.

A second way to build on-line trust is by obtaining a seal of approval from trusted third party authorities such as TRUST-e and Better Business Bureau. When consumers are uncertain about the trustworthiness of an on-line company, they rely on external cues to form their opinion (Pett & Cacioppo 1981). What could be a better cue than a seal of approval from company they know of and have faith in to help make that opinion?

The third way a B2C company can build trust is to form a strategic alliance with another well-known and highly reputed company. This will enable the B2C company to leverage the trust that has been built by the other company. Such strategic alliances cause consumers to associate the firms in their minds, and the highly reputed firm’s built up trust will transfer to the B2C company. The strategic alliance can take different forms such as spin-off, strategic partnership, joint venture, or in-house division (Gulati & Garino 2000).

Summary

The resource-based view specifies that for a resource to confer sustained strategic advantage it must satisfy three conditions: it must be valuable, heterogeneously distributed (some firms have more than others) and immobile (not easily copied) (Mata, Fuerst & Barney 1995). The on-line environment makes it easy for companies to replicate business models, easy for consumers to obtain information, and hard for consumers to assess trustworthiness/legitimacy of on-line companies. Since brand equity mitigates these online characteristics, or immunizes the firm from their effects, it is valuable. Since brand equity is difficult to build, it is heterogeneously distributed and immobile. Thus, brand equity satisfies all three conditions of a strategic resource.

This paper provides a general framework for building brand equity by applying Keller’s (1993) consumer-based brand equity model to the on-line business environment. The framework, shown in Figure 1, focuses on awareness and knowledge as the building blocks of creating brand equity. The impact of awareness on brand equity may be independent of knowledge in some instances (indicated by a broken arrow in Figure 1). In other instances, awareness is a necessary but not sufficient condition for building brand equity. Awareness is needed to increase knowledge. Based on this framework, many strategies are suggested for building brand equity of on-line companies. There are three important implications of this framework for both managers and academics, which are discussed below.

Discussion

In general, B2C companies rarely consider brand equity when considering their strategies and tactics (Mazur 2001; Mitchell 2000). Given that it is a potential source of competitive advantage, the key focus of B2C companies should center on activities to build brand equity. As the marketing literature suggests, brand equity is valuable to the company and must be nurtured. It should be noted that brand equity cannot be built overnight; it is a continuing process. As such, the B2C companies must take a long-term approach to the management of their brand. In taking a long-term approach, the company must still determine which strategies to use to build equity. This leads to some interesting issues.

One issue deals with the pioneering or first-mover advantage. Research has shown that there is a relationship between first-mover and long-term market share advantage (Carpenter & Nakamoto 1989; Urban et al. 1986). For example, e-Bay was a pioneer in on-line auction business, and it has the largest market share for that type of business. The reason for its success is not that it was the first-mover because there are many examples of first-movers’ failures (e.g., Tommer’s Red Letter light beer, Ampex video recorder, etc). The reason for its success is that it built brand equity. It created top of the mind awareness and strong, favorable, unique association to its name.

The creation of brand equity for the first-mover may be much simpler. Since there are no competitors, creating awareness is much easier and consumers learn more about first-mover than the later entrants (Kardes & Kalyanaram 1992). Furthermore, message from later entrants are more likely to be affected by competitive interference (Kent &
Allen (1994). Thus, awareness and learning about later entrants of B2C companies are hindered. This does not mean that B2C companies that enter the market later cannot build brand equity. For example, Travelocity was the pioneer. However, Orbitz has replicated Travelocity’s model and made giant inroads by aggressively creating brand equity. (An example of the strategy used by Orbitz to create brand equity was forming a strategic alliance by sponsoring an air travel delay report on CNN news. They call it the Orbitz Delay Tracker, and it is broadcast many times every morning on CNN news as part of its travel news segment. The exposure and credibility of Orbitz to air travelers is greatly enhanced.) The issue for B2C companies and researcher is to determine and understand which strategies for increasing top of the mind awareness and strong, favorable, and unique associations are appropriate for first-mover and later entrants. In other words, how does order of entry moderate the building of brand equity?

A second implication for B2C companies is the degree of importance of brand equity. As Kim et al. (1998, p. 67) suggest ‘brand equity may not be crucial across all products and situations in business-to-business markets.’ This may also be the case for on-line companies. This is not to say that brand equity is not important across all B2C businesses. However, the magnitude of importance may vary depending on the type of B2C companies.

There are many types of B2C companies. Some of them provide a variety of products and services directly to end users on the web (e.g., more.com and ticketmaster.com), mimicking traditional brick-and-mortar stores. Many others sell their products and services as part of an on-line mall (e.g., mall.com). Some sell their products and services through intermediaries who act as a bridge between buyers and sellers. Some of them provide infrastructure to bring buyers and sellers together in an auction forum (e.g., eBay and liquidprice.com). Others offer portals to their customers for one-stop shopping (e.g., about.com and yahoo.com). Some intermediaries allow their customers to name their own prices for a variety of products and services (e.g., priceline.com). Others allow their customers to barter with one another (e.g., Ubarter.com).

The types of B2C companies may moderate the importance of brand equity. For example, consumers perceive certain types of B2C companies (e.g., portals) as less risky than other types of B2C companies (e.g., auction forums). Since brand equity reduces risk for consumer, it may be less of an issue for the former types of on-line companies than the latter. For them, building of brand equity may be best accomplished by focusing on a specific dimension (i.e., creating top of the mind awareness versus strong, favorable, unique associations). Thus, the type of B2C companies not only moderates the importance of brand equity but also how it is built.

To understand the issue better, future research is needed to identify key consumer characteristics (e.g., risk, information processing ability and motivation, predispositions toward a site’s material) applicable for different types B2C companies. Based on the characteristics, a typology can be created, and then a theory can be developed to explain the typology’s moderating effects on brand equity.

The third implication for managers and academics is the notion of efficiency. Efficiency is defined as the ratio of outcome (e.g., brand equity) to input (e.g., investments in banner ads, search engine links, mass media). What is needed is a theory of efficiency for brand building.

To develop a theory of efficiency for brand building, the relative merits of different brand building activities have to be understood. Then this understanding can be expanded on to create a theory that will provide a guideline for combining the activities into an integrated marketing strategy that will maximize brand building with the least amount of resources. Furthermore, the theory could identify variables that moderate the efficiency.

**Conclusion**

In a competitive environment of B2C businesses, companies must leverage their resources to gain competitive advantage. The development of brand equity is one such advantage. Unfortunately, it has largely been ignored by B2C businesses. Thus, the goal of this article was to highlight the importance of brand equity to B2C businesses, and to motivate managers and academics to explore and develop theories of brand equity specific to the on-line environment. To accomplish this goal, a framework has been proposed, and some strategies have been suggested to build brand equity. Furthermore, the implications of the framework that may interest both managers and academics have been discussed. It is hoped that this study will provide impetus for investigating brand equity in a B2C environment.

**Endnotes**

1 For discussion purposes, in this paper B2C and on-line companies are treated interchangeably. It is also assumed that B2C companies have only on-line presence.

2 We don’t claim that these strategies are exhaustive. The strategies discussed here are exemplars. Furthermore, these strategies don’t require an exorbitant amount of resources, and allow startup B2C companies with limited resources to build brand equity.
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