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Developing Brand Equity for Consumer Durables: Strategic Frameworks, Challenges, and Innovations

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Abstract

Consumer durables are primarily goods meant for long-term usage basically comprising of house-hold appliances, electronic goods and vehicles, which predominantly have longer usage life and involve significant thought before the final purchase decision is made by the consumers. Hence, the process of evaluating, owning, and servicing these products occurs over many years; therefore, they need a specific approach to building brand value and reputation. This paper builds on Aaker's brand asset approach and the Customer-Based Equity (CBBE) Model propagated by Keller, and aims to integrate resource centric, signaling, service dominant and customer perspectives, synthesizing evidence and advancing a strategic-frame work for consumer durable goods industry. It aims to identify the primary equity drivers across the full customer spectrum comprising of pre-purchase to post-purchase journey, identifies contemporary challenges including complexities of omni-channels, commoditization, expectations concerning right to repair, volatilities related to ratings and reviews, along with innovations defining the industry in totality including the very prominent AI-enabled personalization and service, servitization and product service systems, and the fast emerging circular business models.

Keywords: *brand equity, consumer durables, CBBE, servitization, customer experience, AI*

Introduction

Brand equity is predominantly regarded as a key intangible asset that drives differentiation, loyalty, and firm value (Aaker, 1991; Keller, 1993). In reference to consumer durables, products are defined by their high

price, longer lifespan, and increased post-purchase interaction. The modalities under brand equity development traverse a different trajectory compared to Fast Moving Consumer Goods (FMCG). As against the FMCG segment, which is marked by a cycle of repeat purchase cycles, the durable goods segment comprises an extended review and evaluation period, a significantly higher level of risk, actual and perceived combined, and the experiences arising out of post-purchase service, which are instrumental in shaping long-term equity outcomes (Lemon & Verhoef, 2016).

This paper aims to propose that consumer durable-goods brand equity is primarily crafted under two domains: (a) **pre-purchase evaluation**, where signaling, product meaning, and trust matter and the objective being an act of assurance through assessment before indulging in the act of transaction, thereby determining and or achieving a sense of satisfaction concerning the quality, condition and value of the product under purchase consideration; and (b) **post-purchase ownership**, the period of post purchase, where the fundamental considerations are reliability, service, and usage experiences that are instrumental in reinforcing or eroding the associated equity. Building on Aaker's (1991, 1996) and Keller's (1993, 2013) frameworks, the objective is to integrate insights from the resource-based view, signaling theory, service-dominant logic, and customer equity research to develop a strategic model for brand equity in consumer durables.

Theoretical Foundations

Customer-Based Brand Equity

Keller's (1993) CBBE model defines brand equity as the differential response consumers have toward a brand compared with an unbranded alternative. The existing imperative is to develop a brand that fundamentally resonates with the customers, with the overall objective of fostering a meaningful relationship with the customer, for the longest period of time possible. In the context of durables, CBBE dimensions—awareness, associations, judgments, and resonance—are highly influenced by product performance and post-purchase reliability (Netemeyer et al., 2004). The core concept thus entails a combination of attributes, including reliability and durability, the associated perceived quality and inherent credibility, the perception of bearing a reduced form of risk, and a sustainable long-term relationship comprising strong brand loyalty and advocacy, thereby influencing prospective buyers through word-of-mouth.

Resource-Based View (RBV) and Dynamic Capabilities (DC)

Barney (1991) conceptualized brand equity as a resource that must be valuable, rare, inimitable, and non-substitutable. Resource-Based Views propels the concept of treating brand equity as a strategic but intangible resource with the fundamental objective of establishing competitive advantage primarily owing to its inherent property of being inimitable, invariably rare and having a value of its own. For durable brands, distinctive design, service networks, and installed-base data function as strategic resources. Dynamic capabilities (Teece et al., 1997) enable firms to reconfigure these resources as consumer preferences, technologies, and channels evolve. This, in turn implies focusing upon aspects inclusive of adaptability and rejuvenation of resources to adequately match the market dynamics defined by evolving changes across the spectrum. Adaptability as a capability incorporates processes, including the development of the ability to identify/sense market needs and seize upon the evolving opportunities, thereby streamlining the resources to create/develop new products and or modify the existing products to fill the demand gap. A functional dynamic capability further propels an organisation to develop a sustained Research and Development capability, thereby creating an ecosystem of innovation, which in turn shoulders the brand equity based upon the customer perceived sense of differentiation, subsequently strengthening customer association and quality perception. Dynamic capabilities are also instrumental in helping organizations recalibrate their respective resources: internal and external, to cater to market demands. This, however, requires a complete/partial overhaul of their respective business models, strategies focused on customer retention, and designing a sales approach that successfully delivers value and stakeholder trust. Focused resilience and inflow of adaptability across organisational culture also form an important module of dynamic capability where the organisation finds itself ready for market disruptions and unforeseen crises, thereby adding value to the brand equity of the concerned brand. Furthermore, a more mature and advanced form of dynamic capability is exhibited by firms that are instrumental in redefining or reshaping the market on their own rather than reacting to the forces. Such leaders pursue a proactive approach, through which they transform the market, combining the forces of strategies and technologies, thus creating a sustainable and favourable market status, resulting in enhanced brand equity/value and brand image.

Signaling Theory

Signaling theory (Erdem & Swait, 1998) highlights how warranties,

certifications, and brand reputation reduce consumer uncertainty in high-involvement purchases. In durables, these signals are vital in building perceived quality and reducing perceived risk. The contours of signaling theory stem from the fact that there is an existence of information asymmetry, where the seller is more aware of the quality of the product in comparison to the potential customer. To bridge this gap, firms use identifiable/observable actions and cues (signals) to convey the non-identifiable/unobservable attributes of product quality to customers. Such signals are greatly influential in bolstering brand equity, particularly for consumer durable products which are high in value and perceived to last long, but at the same time, assessing the quality is difficult to measure or identify.

Signaling Theory as Applied to Consumer Durables and Brand Equity

An inherent factor in the purchase of consumer durables is the high and enhanced cost of wrong or bad decisions owing to the high cost of ownership, coupled with difficulty in the ability to accurately judging the quality of the product in the pre-purchase stage. It is the brand equity that acts as a powerful and dominating signal.

- **Reduced Risk:** Brands with high equity are a guarantee for product quality, which in turn leads to a perceived reduced risk concerning the purchase of the identified product. Trust in the brand thus results in influencing customers to choose and finalize the purchase of a brand so identified, this being more true for high-value products.
- **Quality Centric Perception:** A continued history of quality delivery of associated products is greatly instrumental in developing a positive quality perception in the minds of the customer, thus influencing the purchase decision.
- **Premium Pricing:** A robust brand equity permits firms to go for premium pricing of their respective products, and this brand-associated equity motivates customers to pay the premium willingly, thereby reinforcing the trust in the signal concerned with high quality and reliability, hence a reflection of the brand's signaling authority and resulting power of its equity.
- **Information Cost Savings:** A reputable brand saves consumers the time and effort of gathering extensive information or evaluating alternative products. The brand signal provides a shortcut in the decision-making process.

Service-Dominant Logic and Customer Equity

Vargo and Lusch (2004) emphasized that value is co-created through usage rather than embedded solely in the product. The Service-Dominant Logic promotes an interconnecting framework with customer equity, through co-value creation, thereby shifting the emphasis from products/goods-focused logic to a service-dominant approach. The value creation is approached through specialized knowledge and skills consisting mainly of service, inclusive of maintenance and customer engagement, rather than the tangible product itself. For durables, after-sales service, maintenance, and customer engagement are central to value creation. The concept of customer equity (Fader, 2019) ties these experiences to financial outcomes, emphasizing long-term customer lifetime value (CLV).

Building Customer Equity through Service Dominant Logic

- **Value Co-creation:** Service-Dominant Logic considers service as the primary or dominating basis of the transaction. The objective is to offer a more customized/personalized and recognizable value to the customer, rather than just the tangible product offering.
- **Increased Customer Engagement:** Service-Dominant Logic is collaborative in nature and hence tags the customer along, thus developing a more insightful interaction between the two parties of the transactional relationship, thus binding them in a more personalized manner, by offering associated services that are more ingrained or inter-connected with the lives of the customer.
- **Impetus to Brand Loyalty:** A more integrated customer exhibits greater brand loyalty towards the brand, thus having a stronger emotional connect with the brand. This invariably leads to repeat purchases coupled with a stronger brand advocacy trait through word-of-mouth, thereby adding greater value to the equity of the identified brand.
- **Aligned Quality Perception:** The perceived quality engagement is better aligned where customer feedback and knowledge in proactively incorporated in the product offering.

This naturally bolsters the product's acceptance in the market and better equips it to offer increased satisfaction to prospective customers, thus enhancing its perceived quality metrics.

- **Collaborative Innovations:** Service-Dominant Logic promotes the sourcing of innovation from the customers. It promotes the

concept of informed product development, based on attributes emerging from the feedback and inputs derived from the customers, along with the inputs concerning the service-associated aspects as well, thus creating an integrated customer engagement cycle.

Distinctive Features of Consumer Durables

- 1.**Extended evaluation and high risk:** Customers undertake extensive searches and rely heavily on cues like warranties (Erdem & Swait, 1998). The customer engagement is equally strong under the domain of pre-purchase and post-purchase, primarily owing to the greater value of the decision not only in terms of monetary aspects but also on account of the usability duration of the concerned product and the associated post-purchase service offerings by the brand.
- 2.**Importance of post-purchase experiences:** Ownership, service quality, and reliability determine long-term brand equity (Lemon & Verhoef, 2016). The entire lifespan of consumer durables is greatly marked by aspects inclusive of ownership value, the quality of service engagement offered by the brand, which invariably is an integrated attribute aligned with the product usage, comprising mainly of after-sale service, repairs and maintenance modules, that last throughout the product usage life-cycle.
- 3.**Influence of reviews and ratings:** Online word-of-mouth significantly shifts demand for durable goods (Chevalier & Mayzlin, 2006). Consumer durable purchase may have significant influence of online word-of-mouth as defined through customer ratings under online reviews posted post-purchase, primarily owing to the absence of customer to absence of physical interaction with the identified product, among other associated contours including reduced perceived risks, affirmation as a social proof, detailed product information, particularly associated with features, after-sales service, discharge of warranties, etc.
- 4.**Ecosystem lock-in:** Accessories, upgrades, and service ecosystems deepen loyalty and raise switching costs (Teece et al., 1997). This caters to the concept of enhancing the overall value proposition associated with the identified product offering, thereby also supplementing the brand equity and the associated engagement.

Strategic Framework for Building Durable-Goods Brand Equity

Positioning and Meaning

Brands should emphasize performance, design, and sustainability (Aaker, 1996). Quality signals—such as warranty length and third-party certifications—reinforce reliability (Erdem & Swait, 1998). To further reinforce consumer trust and perceptions of the brand's reliability, marketing literature also highlights the importance of quality signals. As noted by Tülin Erdem and Jo Swait in a 1998 study, concrete signals like extended warranty lengths and credible third-party certifications are effective tactics for signaling quality and consistency to the marketplace.

Customer Journey Stages

- **Pre-purchase:** Transparent product information, AR/VR demonstrations, and TCO calculators support informed decision-making (Keller, 2013).
- **Purchase and onboarding:** Installation services and personalized onboarding reduce post-purchase dissonance (Lemon & Verhoef, 2016).
- **Usage and service:** Predictive maintenance, proactive service, and empathetic customer support sustain loyalty (Huang & Rust, 2018).
- **Upgrade and advocacy:** Trade-in and recycling programs encourage repeat purchase and advocacy (Tukker, 2004).

Organizational Capabilities

Capabilities include journey analytics, service design, and CLV measurement (Fader, 2019). These should be complemented by dynamic reconfiguration of brand promises in response to customer insights (Teece et al., 1997).

Challenges in Developing Durable-Goods Brand Equity

- **Commoditization and price transparency** (Verhoef et al., 2015). This primarily occurs when products become indistinguishable from other existing brands in the marketplace, which in turn leads to an increased price-centric competition, further creates an increased level of price transparency, and ultimately culminates in an accelerated commoditization of the concerned product.
- **Omnichannel conflicts between D2C and retailers** (Lemon & Verhoef, 2016). Such a situation evolves in cases where brands indulge in accelerating differentiating practices in the context of

price offerings to customers under online purchase in comparison to purchase through retailers, and a difference in price offerings motivates customers to indulge in purchase through online mode, thus compromising the interests of the retailers.

- **Review volatility and reputational risks** (Chevalier & Mayzlin, 2006). **Volatility** primarily refers to the rate and magnitude of price fluctuations in financial markets, while **reputational risk** is the potential harm to an organisation's image and stakeholder trust due to negative perceptions or events.
- **Servitization paradox**—difficulty capturing profits from service models (Baines et al., 2009). This paradox arises from the conflicting demands of maintaining efficient product manufacturing while also developing and delivering customized services, creating tensions in areas like performance, organisation, and learning
- **Sustainability pressures**—demand for repairability, efficiency, and circularity (Tukker, 2004). These pressures come from various sources, including government regulations, investor and customer demands, and the need to remain competitive. They manifest as a need to reduce pollution, use resources efficiently, operate with transparency, and address the environmental and social impacts of business activities.

Innovations Driving Brand Equity

AI-Enabled Personalisation and Service

AI supports product recommendations, onboarding copilots, and predictive maintenance, improving brand judgments and loyalty (Huang & Rust, 2018, 2021).

Servitization and Product-Service Systems

Servitization shifts value from ownership to outcomes (Baines et al., 2009). Tukker's (2004) typology offers pathways for durable brands to introduce product-service systems.

Circular Business Models

Trade-in, refurbishment, and recycling programs reduce purchase risk and strengthen responsible brand imagery (Tukker, 2004).

Measurement of Durable-Goods Brand Equity

- **Psychometric measures:** perceived quality, uniqueness, value-for-cost, willingness to pay a premium (Netemeyer et al., 2004).
- **Behavioral and financial measures:** CLV, repeat purchases, service

interactions (Fader, 2019).

- **Journey health metrics:** NPS, CES, and satisfaction at key service touchpoints (Lemon & Verhoef, 2016).

Conclusion

Consumer durables present a unique landscape for brand equity development. Unlike FMCG, where advertising and awareness dominate, durable equity hinges on **owning the ownership**—delivering superior post-purchase service, reliable performance, and customer-centric innovations. Future research should empirically test the proposed framework, particularly the role of AI, servitization, and circularity in sustaining durable-goods brand equity.

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