CONCEPT OF CUSTOMER VALUE MANAGEMENT AS OPPOSED TO DEVELOPMENT AND GROWTH OF BRAND EQUITY

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Abstract: An academic dependency model between the customer value management and development and growth of brand equity has been laid down in this article. Moreover, recommendations regarding upcoming empirical studies have been made, in order to verify the model.

Keywords:brand equity, customer value, customer value management

1. Introduction

Nowadays, one of the most desired by customers intangible values are its brands. The responsibility for value management was transferred to marketing departments. The development of a strong brand requires precise planning, long-term involvement, creative design and implementation of a marketing plan and monitoring its effects from the persons who are responsible formarketing management in the enterprise. High customer loyalty can be provided by a strong brand with an established position the foundation of which must be the product or service of excellent quality. Increasing competition and the development of computer techniques that make it possible to collect and process information about the customer almost in real time caused changes in marketing strategies in the industries where market saturation can be noticed.

These changes are a departure from the focus on product and management processes associated with it, and they aim at focusing on processes based on customer relationships (Dobiegała-Korona, 2011). AsPh Kotler claims(Kotler et al., 2010),the situation, in which the consumer is in the spotlight and all marketing efforts are focused on the adjustment of the market to their needs, is over. This era is called the era of the focus on the customer. The customer was treated as a passive target of the marketing campaign. He also notes that today we are witnessing the birth of Marketing 3.0 (See also: Kotler, Ph., Kartajaya, H., and Setiawan I. (2010). *Marketing 3.0* (p. 21). Warszawa: MT Biznes. Table 1.1. Porównanie

Marketingu 1.0, 2.0 i 3.0)[1], that is, values-based marketing, in which we not only strive to meet the customer's needs but also look for the 'spiritual' ties and relationship with him. Processes based on relationships can be found in the relationship marketing, which takes over the weight of implementation of certain transactions with the customer in exchange for building solid relationships (Otto, 2004). After the departure from the focus on the product, the companies started to change their products into brands, adding to them certain features which the customers can identify themselves with and establish relationships with. The basis for building a brand and its capital are goals, mission, vision and set of values that the brand is to show. In order to build strong brands, companies should express these bases in a way that allows the customers to see the solution to their personal problems and desires in them, or at least to agree with the views that the given brand presents. *Brand marketing* (or interchangeably *branding*) is used for this purpose, which is a process of creating a brand, from the moment of defining it until its development on the markets[2]. Brands are responsible for many important functions, they can improve the quality of customers' life and contribute to the growth of the financial value of the company(Kotler et al., 2012). Development of brand equity is based on the management of the portfolio of products or services thanks to which the companies bringmeasurable profits in the form of revenues. The concept of customer value management, which derives from the relationship marketing (Esse, 2003), departs from the product portfolio management for the sake of the customers' portfolio management which has a significant impact on the value of the company's capital (Dobiegała-Korona, 2010).

There are studies and research known in the world of science which are devoted to the issues related to the customer value management and company performance. The company performance is built on the basis of long-term customer relationships that bring tangible benefits in the form of profits. Relationships which the customer builds withthe given company are carried out by means of building the relationship with its brands and values that they provide. An almost complete lack of quantitative and qualitative studies, where the relationship between the customer value management and development and growth of brand equity would be analysed, can be noticed in this area. The original contribution to the world of science would therefore be the development of model reflecting these dependencies and subjecting it to empirical research.

The article was divided into five parts. The first one presents the concept of customer value management, its essence and constituents. The next part presents a theoretical model of customer value management along with its most important constituents. The third point focuses on the brand equity. It shows its essence, life cycle and it characterises the customers at each stage of the brand life cycle. At that point, also the most important indicators, from the point of view of the author, which are responsible for the development and growth of the brand equity.

[1] Evolution of marketing. Its previous types include marketing 1.0 and 2.0. The aim of marketing 1.0 was to sell the product and of marketing 2.0 to meet customers' expectations and keep them. Marketing 3.0 aims at making the world better.

[2] www.consider.pl/brand-branding-marka-i-budowanie-marki/, Retrieved March 23, 2017.

The fourth point includes an academic model of dependency between the customer value management and development and growth of brand equity. At the end the premises for studies and anticipated results were formulated.

2. Customer value management

2.1. Characteristics of the concept of customer value management

As it is pointed out in one of the most extensive definitions, the customer value management is a dynamic and integrated marketing system that uses financial evaluation techniques in conjunction with data concerning customers, in order to optimise the ways of their acquisition, maintenance and sales of additional products. This system is used in order to maximise the value of the customer relationships throughout their life cycle. (Blattbergh et al., 2004). In Polish, a customer means a person or organisation that purchases services or products. The customer is treated as an entity that pays (Strzyżewska, and Rószkiewicz, 2002). In English, this term is equivalent.

The concept of customer value is closely related to value marketing and relationship marketing. Both of these concepts currently play the most important role in companies which are leading in the world (Dobiegała-Korona, 2010). Customer value is the value of all the streams that customers generate to the company throughout their life cycle diminished by the costs incurred for those customers (Dobiegała-Korona, 2011). This value results from the customer relationships that translate into future net cash benefits (Doligalski, 2013). This value changes with subsequent phases of the customer's life cycle.

Customer life cycle is a process that shows the customer's evolution in the relationships with the company. This chart shows the customer value in time. Its appearance resembles the life cycle of the product. You can split it into 4 stages:

1. Customer acquisition stage – their value is low and expenditure is large.
2. Keeping the acquisition before the maximum – the value is high and it is increasing and expenditure for acquisition is decreasing.
3. Keeping the acquired customers after reaching the maximum – customers' value reaches the maximum level and begins to decline slightly, expenditure will start to increase again.
4. Outflow or reactivation – customers' value decreases, expenditures increase, but they are still lower than the acquisition of new customers.

Customer life cycle is shown in Figure 1.

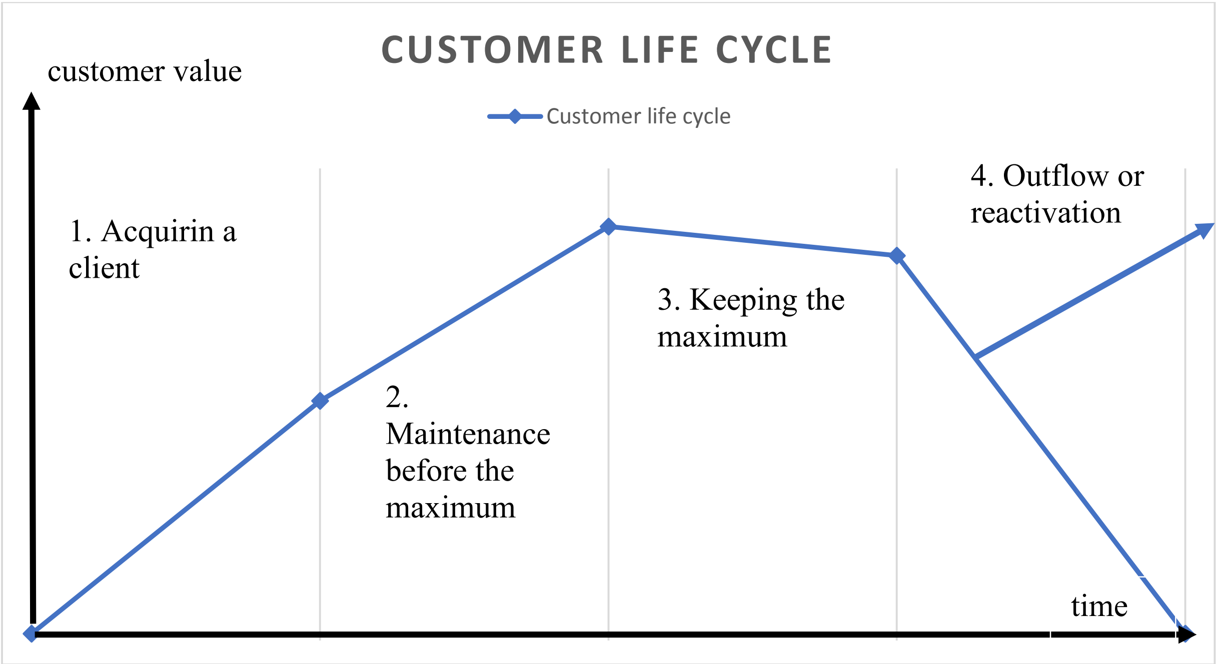

Figure 1. Customer life cycle. Own study based on: "Zarządzanie wartością klienta" by V. Kumar. Copyright 2010 by PWN.

Customer value management for the purposes of this article shall be construed as a managerial approach. It treats customers as capital, the value of which must be measured and its maximisation shall be striven for by means of building relationships between the customer, brand and company.This relationship was presented in detail in Figure 2.

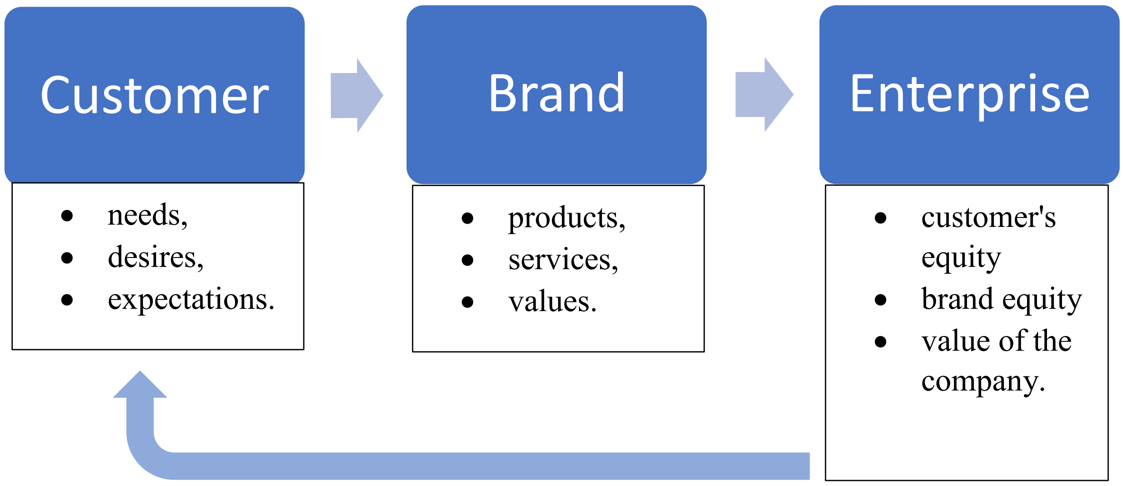

Figure 2. Scheme of the relationship between the customer and company. Own study.

The brand included in the scheme means a product or service with its entire range of tangible and intangible values, which it provides to the customer during their exchange. The values transmitted by the brand should be consistent with the values represented by the company. This process should be carried out with the use of knowledge of customers.

Customer value management has several important features that support the development of brand image and its equity. In particular, the customer value management:

- is based on the relationship with the customer,
- consists in the exchange of values between the customer and company,
- are focused on the customer,
- focuses on the processes around the customer,
- places the customer in the centre of interest,
- treats the customer as the company equity and, therefore, the customer is included in the business model of the company,
- measures the customer value,
- manages the knowledge of customers,
- has an impact on the value of the company.

Customer value management consists of three subsequent processes. The first of them is the measurement, the second one is the use of knowledge of customers and then maximisation. This order results from the fact that it is impossible to maximise the value, which was not previously measured (Dobiegała-Korona, 2006).

2.2. Customer value measurement

One of the three stages of an overview of the customer value development is its measurement. It is carried out in order to estimate the value of the programme. The following calculations are of key importance:

- expenditures that must be incurred by the company during the value creation,
- benefits that will be generated by the company,
- prices at which customers will be willing to purchase the created value (Dobiegała-Korona, 2010).

There are many approaches considering the value measurement, especially in the literature related to customer relationships. Analysis in this respect can be started from the presentation and interpretation of this term. Simply speaking, the customer value means the customer relationship. In English literature, one can encounter the *customer life time value* term instead of *customer relationship value.* In Polish literature it also occurs as a customer life time value. Taking into account the use of the *life time* term, it can be concluded that the pressure is put on the long-term approach to the customer value. The use of the *life time* word refers to the life cycle of the customer[3].

According to V. Kumar, the customer life time value means the net present value of the future profits brought by the customer. Traditional indicators are based on profit determinants from the past. CLV (*customer life time value)* refers to the events from the future. It gives the marketers the opportunity to carry out such operations at the given time, which will influence

[3] www.doligalski.net/pomiar-wartosci-klienta/, Retrieved March 27, 2017.

the future profits. CLV is the only indicator which takes into account all factors shaping the profit:

- expenses,
- revenues,
- customer behavior (Kumar, 2010).

Taking into account the fact that CLV gives the companies the opportunity to calculate the value of each customer, to make segmentation based on the value criterion, intensification of the customer's actions or customer segment giving the largest rate of return from the capital used, the opportunity to control short and long-term actions, choose the individual product offerings and to implement activities that will increase the customer life time value, the calculation of the customer life time value is of key importance from the point of of view of the basic objective of companies, which is to increase its equity. This indicator is also used to implement marketing activities and to make operational and strategic decisions aimed at creating a long-term increase in the value of customer relationships (Caputa, 2015).

In the simplest form, this rate is expressed by means of the following formula:

$$CLV = NCF_1 + \frac{NCF_2}{1+i} + \frac{NCF_3}{(1+i)^2} + \frac{NCF_4}{(1+i)^3} + \cdots + \frac{NCF_n}{(1+i)^{n-1}} \quad (1)$$

where:
NCF –Net Cash Flow,
i – discount rate.

NCF means net cash benefits. They result from customer relationships. They include the cash inflows and non-financial profits (image, information, recommendations) that are generated by the customers, diminished by the costs of their acquisition or maintenance[4].

The CLV calculation is important from the point of view of the planning of investment in the customer. It provides formal quantitative basis for this. It also helps marketers to adopt long-term perspectives. With the use of the CLV concept, the marketers take into account short-term activities that aim at building the brand image and increase their loyalty (Kotler, and Keller, 2012).

2.3. Management of the knowledge of customersand maximisation of their value

Knowledge of customers means accurate familiarisation and understanding of the market and customers, which results from the marketing information. It is the basis for the creation of value for customers and for the development of relationships with them (Armstrong, and Kotler, 2012). If we assume that the customer value is created from the value that we deliver to the customer, then the foundation of this strategy corresponds to the proper knowledge of

[4] www.doligalski.net/pomiar-wartosci-klienta/, Retrieved March 27, 2017.

customers. The knowledge that comes from them (Dobiegała-Korona, 2015). Customer Knowledge Management (CKM) is a concept that is gaining increasing importance and popularity among companies. The basis of this concept is the acquisition of competitive advantage thanks to the appropriate use of knowledge (McIver et al., 2013). A company that have the knowledge of their customers can build a long-term development strategy and choose new markets, segments and areas of activities. Thanks to the development of technologies and the continuous globalisation of economy, companies have access to quick and cheap information. It creates new opportunities for companies' development. Companies planning to enter new markets are in a particular way forced to manage knowledge of customers. Collecting information and then transforming it into knowledge allows companies to survive on highly developed markets. It provides also the possibility of a deeper understanding of customers, understanding their needs and values that are important for them. The pillars of knowledge management in the company include:

- knowledge of customers,
- knowledge of products and services,
- organisational memory,
- knowledge of people in the organisation,
- knowledge of the mechanisms of customers' actions,
- knowledge of the existing knowledge resources and of relationships with customers (Cohen, 2014).

An important factor responsible for the company's success is the collection and use of knowledge. This leads to the redefinition of competitive rules (Dźwigoł-Barosz, 2013). Customer knowledge management is a complex approach that combines the collection, creation and use of knowledge of customers in order to gain a competitive advantage by means of the supplied values. Customer knowledge management is a process that is different in every company. However, there is a model that clearly presents the elements that are crucial for this process. From the point of view of customer value management, the model of customer knowledge management is the formula for success. Well-managed customer knowledge contributes to the growth of their values. It results in the subsequent profits of the company. The model of customer knowledge management consists of the following elements:

- knowledge assessment,
- planning of resources,
- process of creating customer knowledge,
- codification of knowledge,
- absorption of customer knowledge,
- practical use of customer knowledge,
- protection of customer knowledge,
- organisational culture (Sobolewska, 2013).

The measurement of customer value and the process of customer knowledge management are two key processes on the way to the customer value maximisation. Customers generate value streams to the company from the moment of their acquisition to the moment of closing relationships with them. The basic structure which makes it possible to maximise the customer value is the customer's life cycle. It is carried out in the following order: customer acquisition, customer retention, ending the relationship with the customer(Blattberg et al., 2004). The first stage of the customer acquisition is the acquisition of the customers who, from the point of view of the company, will generate the biggest streams of values in the future (Kumar, 2010). The second stage is trying to retain the customer by companies and increasing customer's value through a series of actions related to it e.g. by means of additional sale management. The third stage includes closing relationships with customers. It consists in minimising the costs related to the loss of valuable customers and gives you the opportunity to make the last attempt to prevent their outflow (Kumar, 2010). However, it should be noted that the relevant knowledge is necessary in order to allow all of these activities implemented at each of the stages bring in specific profits and implement assumed objectives.

Creatingdatabases which gather knowledge unfortunately involves some risk. Available technologies and ubiquitous Internet access creates the risk of copying and stealing away the company's knowledge. In order to avoid such situation, companies that gather large amounts of data can encode them and protect them against potential thieves. Technological possibilities that are at companies' disposal allow them to create databases that are able to include each customer. The problem with having a large database is the fact that it should be kept clear in terms of the gathered information and then turned into knowledge. The second problem may be lack of knowledge of tools that would have been appropriate during the processing of these data.

Customer knowledge management is important from the point of view of competit Kumarion on the existing markets which are often flooded with our products or services. Knowledge of the the current and potential customers is essential to be able to provide them with more attractive values than the competition. Nowadays, it is hard to compete only with quality and price. Today, some kind of authenticity is required to become more attractive to customers among many other companies that offer similar products and services. Customers expect companies to deliver not only the product itself but also unusual experiences related to it. The advantage of today's customers is the access to a large amount of information about the products and the possibility of comparing them with other offers. Companies need new ideas and solutions to conduct their businesses. The retention of the existing customers became a huge challenge. Using their knowledge, companies are able to build brands which are strong enough to solve this problem. However, it is necessary to conduct the activities aimed at building and developing strong brands and their equity in consistent manner is.

3. Theoretical model of customer value management

Customer value management is a concept which is based on the exchange of customer value with the company. Both the company and the customer see tangible benefits in such exchange. In case of the customers, these benefits can manifest themselves e.g. in the form of satisfaction with the purchase of product or service. On the other hand, the company's benefits of this exchange include cash profits and information provided by the customer, which, in the further process of the value management, can be used to maximise company's value. The model approach of this process consists of the measurement of customer value, customer knowledge management and maximisation of customers' value. This is a cyclical and sequential process in which feedback occurs. In Figure 1 it was presented as a model approach (Dobiegała-Korona, 2006).

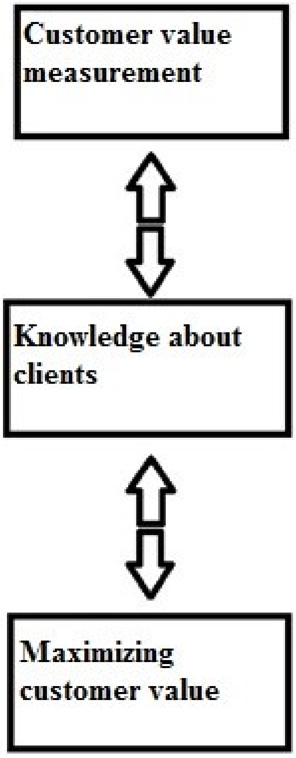

Figure 3. Model of customer value management. Own study based on: "Zarządzanie wartością klienta" by V. Kumar. Copyright 2010 by PWN.

In the case of maximisation of customer value it is not possible to conduct it without the previous measurement of their values (Dobiegała-Korona, 2006). Unfortunately, the same measurement can result in the situation where the acquired data are not sufficient to maximise the customer value. In this case it is necessary to turn the acquired data concerning customers into information and then into knowledge of them. As a result, the excellent knowledge of customers will make it possible to adjust actions in order to maximise their value. The sequence of actions in case of this model is as follows:

1. Measurement of customer value:
    a. value of cash flows,
    b. value of non-monetary flows.
2. Customer knowledge management:
    a. knowledge assessment,
    b. planning of resources,
    c. process of creating customer knowledge,
    d. codification of knowledge,
    e. absorption of customer knowledge,
    f. practical use of customer knowledge,
    g. protection of customer knowledge.
3. Measurement of customer value:
    a. customer acquisition management,
    b. management of the customer retention and of the development of relationships with them,
    c. management of the customer resignation procedure (Kumar, 2010).

As a result of the theoretical analysis carried out, the above-mentioned elements are the most important elements that are included in the concept of customer value management and constitute its theoretical model.

The next step in the creation of theoretical model of the relationship between customer value management and the building and developing of brand equity was the operationalisation of the processes of building and developing brand equity.

4. Brand equity. Impact of strong brands on the company value

In the chapter dedicated to the brand as the source of value for the customer, Polański (Polański, 2013) mentions the mid 90s as the time when the interest in the issue of brand management was increasing in the world. According to the author, one of the reasons for this situation is the growing competition which results in the following issues becoming problematic: diversity of offer and lack of possibility to compete using the price as the only distinctive feature on the market. At that time, the intangible factors become significant and they start to appear in the market practice. New values, both for customers and for the companies, are also being searched for. The 21st century is the time when the importance of brands and brand equity and their management means not only the management of 'name, term, sign, symbol or of their combination, which is created to identify the goods or services of one seller or group of sellers and to distinguish them from goods or services of competitors'[5]. A brand is not only the material characteristics of goods or services. The brand is a special value that represents a combination of the product value, customer service and some kind of production promise. The brand offers a variety of intangible benefits that result from the fact that one owns a product e.g. prestige or social status. It is, to a large extent, responsible for the degree of customer loyalty (Krzepicka, 2015).The marketing department is responsible for the creation of brands and their equity. It is responsible for the planning and implementation of activities that aim at long-term building of brands' position in the minds of customers (Mruk, 2012).

Brand equity, is often defined as "the total value of the brand". *Goodwill* is the brand's value, in financial aspects, and is significant when a company or brand is being sold. *Goodwill* is intangible. The values that can be equal or higher than book values. It depends largely on the strength and range of the brand, namely on:

- the frequency with which the brand is selected out of customers' offers,
- the ability to sell similar products or services at higher prices than competitive companies,
- the amount of your loyal customers who are not sensitive to the actions and offer of the competition,
- benefits provided by the extended product lines,
- benefits provided by the enterprise agreements,
- the ease of adaptation of values provided by the brand and company on the global markets,
- the ease of establishing brand's contact with customers[6].

Looking at the brand equity, two separate perspectives can be noticed: financial perspective and customer perspective(Fayrene, G.,and LeeCh., 2011). P. Patkowski defines the brand equity as the sum of two components. The first component is the book value of the brand, which includes financial resources, price, margin and brand's contribution to the revenues and profits. The second component is the brand identity, which is specified as a trademark, logo, brand awareness, personality, communication, positioning and loyalty of its customers (Patkowski, 2010).*Customer-based brand equity* is the difference between the influence of the brand and the customer's response to the brand's marketing activities (Keller, 2011).According to expert studies, apart from the relationships with customers, one of the most important factors that is responsible for the current and future value of the company is:

[5] Definicja marki według American Marketing Association Cf. KotlerPh., and KellerK.L. (2012). *Marketing*. 14th edition. Poznań: REBIS, p. 263 ff.

[6] Please refer to Goodman, J.A. (2009), *Strategic Customer Service: Managing the Customer Experience to Increase Positive World of Mouth, Build Loyalty and Maximize Profits,* New York: AMACOM, p. 192.

- image of products and service,
- image of the brand,
- brand value (Caputa, 2015).

Brand power depends to a large extent on whether the brand keeps the promises. It is important that it does it diligently and meets customers' expectations. Each contact of customer (MOT – *moments of truth*) with the brand can strengthen or weaken the image of the brand and its equity. The customer's disappointment with the purchase of products or services of the brand will result not only in the loss of equity, but in some cases, it can also result in disappearance of the brand from the market. The goal of *branding* is to create, specify and shape a positive brand image through providing the brand with distinguishing features. This procedure aims at creating emotional ties between the customer and the brand. Taking into account these dependencies, it can be assumed that brand value depends on the company's image and vice versa. The company's image is created by its customers who create its equity . A brand with a large customer capital, so a brand which has an established position and good image provides the company with many benefits, in the form of profits. The stronger the brand with larger customer capital is, the bigger the company's value and profits are. Unfortunately, there were many cases in the history which showed that strong brands with big equity had to rescue themselves or fell out of the market, due to wrong actions or lack thereof. The companies such as Kodak or Polaroid, which disappeared due to the fact that they did not develop or follow the technical progress, are a good example. Polaroid was more lucky and, thanks to the purchase of a patent on instant photos, it returned in the form of Instax Mini.

Brands, just like products, also have their life cycle (Kotler, 1994). The brand life cycle consists of 5 differentstages:

- implementation stage,
- confirmation stage,
- consolidation stage,
- development stage,
- orbital position stage (Caron, 1996).

Figure 4 illustrates the brand's life cycle together with the changes at each stage.

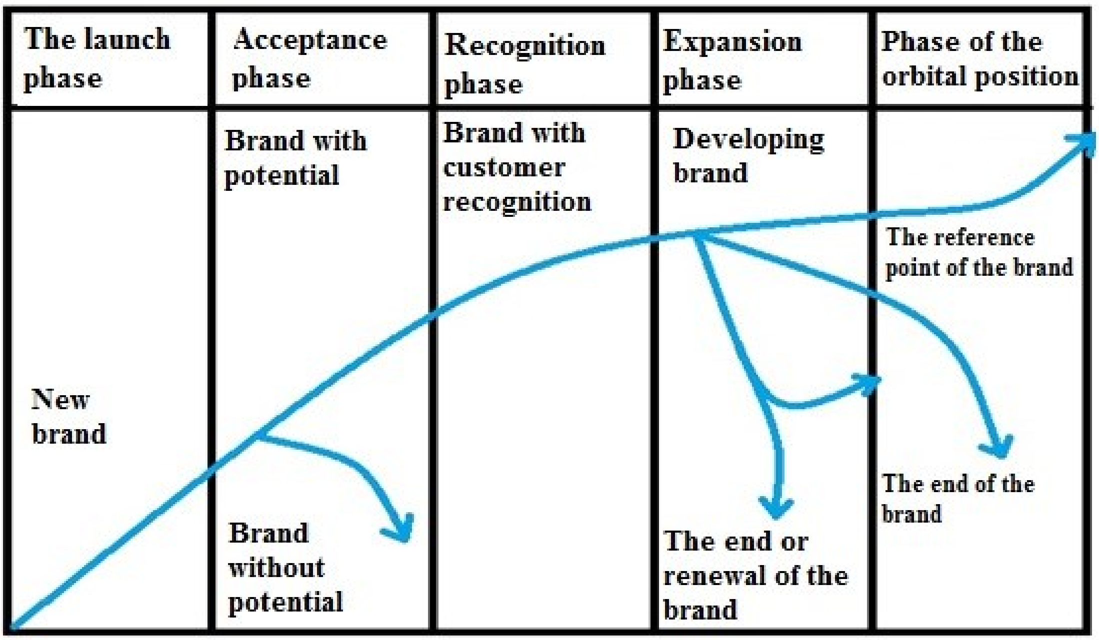

Figure 4. Brand life cycle. Own study based on: "L'avenir des marques" by G. Caron. *Problemeseconomiques*, 2, p. 10.

Firstly, the fact that the presented brand life cycle is longer than the life cycle of the product itself should be highlighted. This is due to the fact that while products under the given brand change, the brand continues its presence on the market until it disappears together with all its products. The task of companies is to maintain the brand on the market as long as possible and to derive financial benefits from it.

In the first stage of the brand life cycle when it is being created and placed on the market, the positioning of the brand is most important. It aims at:

- indicating the place of brand in the minds of the target group of customers,
- creating and strengthening brand identity in the minds of the target groups of clients,
- defining and communicating brand's features which are distinctive in comparison to the competition (Kapferer, 2004).

In the second stage, there is a significant increase in the sale of brand's products only when the brand will accept the customers. This stage includes also significant costs incurred by the company in order to prepare promotions and information campaigns which aim at reaching the widest group of customers possible. These campaigns are designed to provide information about the benefits derived from the use of the products of the given brand (Joachimsthaler, and Aeker, 2006).

The third stage is consolidation. Since that time, there has been a noticeable decline in sales of the brand products. Company's actions come down to the development of growth of products' share in the market through the building of trust, fulfillment of the promise made by the brand and expansion of the distribution network. It is an extremely important stage for the company, because at this stage the brand is already stable and, on the other hand, the increase in sales is getting smaller. Therefore, the promotional activities should be carried out at the same level of intensification as at the second stage. Giving up can result in a significant decrease in the market share and in the arrival of new competitors with products that offer a similar set of values.

In the fourth stage, the sale stabilises and the development and expansion of the brand should occur. Activities at this stage should be strengthening the brand and its revitalization. Wrong decisions can heavily limit the market share of the brand and even cause its collapse.

The fifth stage is a moment when the brand has a strong position on the market. The company should constantly monitor the internal and external conditions and carry out further revitalisation activities which not only lead to the growth of a weakened brand, but also aim at continuous strengthening of the brand. These activities aim to further develop the brand (Andrews, and Kim, 2007). The brand life cycle is closely related to the product life cycle as well as to the customer life cycle. At each stage of the brand and product life cycle, there are different groups of customers that a company needs to attract in a different way. Consumers of a mature brand which already has an established position on the market can be characterised by dividing them into the following 5 groups:

1. Opposition – is a group of customers, which rejects the brand due to ideological andpractical reasons.The products of a given brand do not meet their expectations and do not correspond to their concept of value.
2. Undecided – is a group of customers who take a neutral attitude towards products or services of a given brand. These people usually heard about the brand but it was not convincing for them in any way. If they use products of the given brand, they do it occasionally. The brand promotionin this customer group requires considerable financial resources and serious strategic decisions.
3. Accustomed – this is the most promising group of customers in terms of opportunities to increase brand sales. They know perfectly the brand and its products or services but they use it occasionally. They respect the brand more than other brands but they need a final argument to move to a higher level of relationship and become loyal customers. Sometimes just a small investment and a good idea are enough to give 'vitality' to the brand and convince this group of customers to it. The favour of this group of customers may allow the company turnover to rise significantly.
4. Loyal – is a group of customers which has a personal attitude towards the brand. Characteristics that they see in the brand cannot be replace by the products of any other brand. They will not resign until the brand makes a serious mistake in the form of betrayal of their values or makes room for a more active competitor.

5. Missionaries – the last group of customers. The group which is not only loyal. They are glad to share their knowledge about the brand with other people. They often talk with passion about the brandand strongly believe in its values. They are also called 'brand ambassadors'. The missionaries are also worth getting involved in the creation and development of the brand, as they are very good activists (Szczepański, 2015, p. 44-55).

The division presented above relates closely to the customers of the brand which has an established position on the market and the products of which are recognisable. The situation is totally different when the brand is being created or wants to release a new product on the market. When the brand is not known yet, the division of customers starts with a group of potential customers who might be interested in the products or services but are not its customers yet. An intensive information and promotion campaign is usually organised when the target group is specified. If a group of potential customers was properly specified at this stage and the promotion campaign brought specific effects, from that moment they become a group of new customers. This group involves a step which consists inmaximising the benefits that arise from the establishment of relationships with new customers and striving to turn them into a group of regular customers. Many sales and marketing tools are used in a group of regular customers in order to retain regular customers and to benefit as much as possible from the relationship with them. Basic tools include *cross-selling*. This activity consists in offering additional products or services closely associated with the previous purchases (Caputa, 2015, pp. 83-98). The last group is a group of customers who are at risk of resignation. The customer resignation is a serious problem of every company, which needs to incur large costs and face the large number of competitors that can attract the customers, in order to acquire new customers. Companies' actions must aim at counteracting such situations, e.g. by renewing their offers of products or services according to the needs of this customer group.

Brand equity is a category that is closely related to concepts such as efficiency, effectiveness, value, cost-efficiency. These concepts are part of the necessary brand equity measurement at each of the stages of the brand life cycle. Financial and marketing indicators are used for this purpose. These indicators aim at determining a specific result. English-language literature uses the term 'performance', which in Polish means 'wynik'. Marketing results usually have no monetary values and are provided in percentage. Such indicators include customer acquisition and retention rates and customer satisfaction or loyalty level (Jeffrey, 2010). It should be highlighted that, in some cases, the authors classify the indicators which are expressed in cash values as the marketing indicators (Kozielski, 2008, pp. 129-136). From the point of view of the author, the financial and marketing indicators which are significant from the point of view of the creation and growth of the brand are summarised in table 1. They can be divided into simple and complex indicators.

Table 1.
Financial and marketing indicators

Marketing indicators	Financial indicators

Simple:
• number of customers,
• number of new customers,
• customer retention rate,
• customer acquisition rate,
• customer loss rate,
• RFM analysis,
• P indicator (Active)
• SOW indicator,
• PCV indicator,
• number of products offered,
• number of new, innovative products,
• shares of the company's offers in the customer portfolio,
• market share in terms of:
  o value,
  o quantity,
• change in market shares in terms of:
  o value,
  o quantity,
• change in sales volume in terms of quantity.
 	
Complex indicators related to the customer relationship:
• satisfaction,
• loyalty,
• quality of the relationship,
• confidence,
• image of the brand,
• brand awareness,
• quality of products.
	Financial indicators significant from the point of view of brand equity:
	• customer profitability,
	• customer lifetime value (CLV)
	• customer equity (CE)
	
	Common financial indicators that occur in the income statement:
	• net revenues from the sold products or services,
	• gross profit or loss from the sale,
	• other operating revenues,
	• other operating expenses,
	• Profit or loss from operating activities,
	• financial revenues and expenses,
	• gross profit or loss from business activities,
	• extraordinary profits and losses,
	• gross profit or loss,
	• net profit or loss,
	
	Indicators of the cash flow statement:
	• expenses,
	• income,
	
	Evaluation according to the following indicators:
	• liquidity,
	• working capital cycle,
	• stock cycle,
	• obligation cycle,
	• debt,
	• costs,
	• rotation,
	• resources management,
	• profitability of:
	  o sales,
	  o operational profitability of sales,
	  o gross sales,
	  o net sales.

Note: Own study based on: “Pomiar kapitału klienta w kontekście kreowania wartości przedsiębiorstwa” by W. Caputa. Copyright 2015 by CeDeWu.pl; “Kapitał klienta w budowaniu wartości przedsiębiorstwa” by W. Caputa. Copyright 2015 by CeDeWu.pl;“Zarządzanie wartością klienta” by V. Kumar. Copyright 2010 by PWN; “Wskaźniki marketingowe” by R. Kozielski. Copyright 2008 by Oficyna Ekonomiczna.

CLV – Customer Life Time Value is the present value of future net profits expressed in money which arise from the relationships with customers (Kumar, 2010). The profitability of the customer is a measure that relates to the past. It is also known as the customer margin and it means the difference between gross margin and the costs of the customer (Kotler, and Keller, 2012). Customer equity on the other hand is the sum of life time values of all customers of the company, segment or phase of the brand life cycle. The effect of marketing activities includes e.g. an increase in the number of customers of the enterprise, increase in loyalty or in customer satisfaction, greater brand recognition. The financial results of the company confirm the efficiency and effectiveness of marketing activities in the area of building brand equity or customer equity.

In order carry out this research, the following indicators were chosen for the analysis of the influence of the customer value management on the development and growth of the brand equity:

1. Financial indicators significant from the point of view of brand equity:
   - customer profitability,
   - customer lifetime value (CLV),
   - customer equity (CE),
   - brand equity,
   - net revenue from sales of products or services of the brand,
   - net profit from the business activities.
2. Simple marketing indicators:
   - number of customers,
   - number of new customers,
   - customer retention rate,
   - customer acquisition rate,
   - customer loss rate.
3. Complex indicators related to the customer relationship:
   - satisfaction,
   - loyalty,
   - quality of the relationship,
   - confidence,
   - image of the brand,
   - brand awareness,
   - quality of products.

These indicators, due to their informational value resulting from the theory, provide the opportunity to establish that there is a high probability that the customer value management gives tangible benefits in the building and growth of the brand equity. It directly affects the brand equity causing it to increase or decrease. The indicators were presented as the values average for the entire portfolio of products offered by the brand.

5. Customer value management as opposed to development and growth of brand equity

This article includes the operationalisation of activities related to the concept of customer value management and the determination of indicators which are to constitute the operationalisation of the brand equity that aims at identifying the relationships between customer value management and construction and growth of brand equity. The result of this process is the theoretical model of the relationships between variables that were presented in Figure 5.

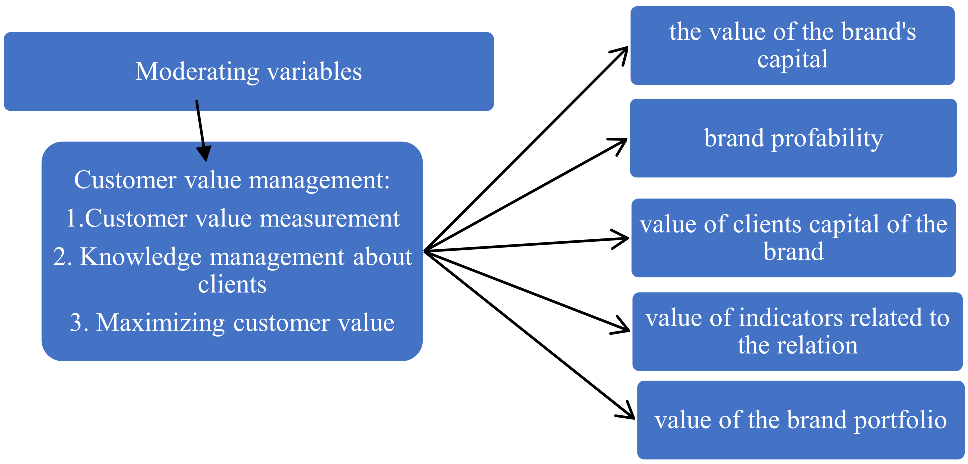

Figure 5. Theoretical relationship model – Customer value management as opposed to development and growth of brand equity. Own study.

The following research hypotheses can be formulated on the basis of the presented model:

Hypothesis 1: There is a relationship between the customer value management and building of brand equity.

Hypothesis 2: There is a relationship between the customer value management and brand equity growth.

Hypothesis 3: The use of the concept of customer value management brings tangible benefits during the building of brand equity.

Hypothesis 4: There is a relationship between the customer value management and level of customer relationships.

Hypothesis 5: There is a relationship between strong brands in the company portfolio and the company value.

Hypothesis 6: There is a relationship between the customer value management and brand profitability.

Hypothesis 7: There is a relationship between the customer value management and value of the portfolio of the company brands.

Hypothesis 8: There is a relationship between the customer value management and value of customer relationships.

The presented model also provides for the possibility of occurrence of other variables (moderating variables) which may affect the results presented above, in its system. These variables include e.g. type of customers, company reputation, sales channels, channels of communication, etc.

6. The reasons to carry out empirical research

In this part of the considerations a key problem for the author is the choice of industry and research methods. The review of hypotheses is planned on the basis of a number of studies. The subject of the research will be the relationship between the customer value management and the growth and building of brand equity. Research will be carried out within one industry. This choice involves a number of benefits:

- in-depth research which makes it possible to take into account the characteristics of the industry,
- there are less external factors affecting the company within one industry,
- research carried out in one industry will make it possible to repeat the research.

The identification of research gap in the scope of analysis of the relationships between the customer value management and growth and building of the brand equity gives the possibility of developing and using the methodology of research of relationships between the marketing orientation and brand equity.The research will be carried out with the use ofmethods such as:

- standardised questionnaire,
- interview,
- system analysis,
- comparative methods,
- documentation analysis,
- critical analysis of the literature,
- group assessment of experts,
- case study.

The carried out analysis of the theory shows the direct relationship of marketing activities (maximisation of customer value) with the results related to the brand equity and suggests the possibility of a positive verification of the first, second, third, sixth and seventh hypothesis. These activities are also connected with the results related to the customers and enable a positive verification in the case of hypothesis 4 and 8. The verification of the research hypothesis 5 imposes some restrictions, due to the fact that a number of other factors affecting the result may occur between the possession of strong brands in the company portfolio and the value of the company. In order to minimise the occurrence of such a risk, the financial indicators related to the activities in the area of products and brand customers (net revenues from the sale of products or services of the brand) were also selected for the research.

The research will enable the identification of activities and creation of customer value management process model during the growth and building of the brand equity value. This model will be used to develop recommendations which enable the growth and building of brand equity. The universalism of the research and process model will also make it possible to adjust them to the given industry.

Summary

The aim of this dissertation was the presentation of the theoretical model of relationships between the customer value management and the growth and building of brand equity. The result of the performed analysis is as follows:

1. Presentation of the essence, characteristics and components of the customer value management. It was found that the essence of the customer value management includes the measurement of customer value and maximisation of their values on the basis on the knowledge of customers.
2. Presentation of the essence of brand equity measurement and activities related to the building and growth of brand. Presentation of the marketing and financial indicators that affect the increase in the brand equity.
3. Presentation of the relationships between the product life cycle, customer life cycle and the brand life cycle. The presentation of the division of customers at every stage of the brand life cycle.
4. Creation of a theoretical model of relationships that occur between the customer value management and the building and growth of brand equity. The operationalisation of activities in both areas made it possible to identify the main elements that constitute the customer value management and enable the identification of factors that affect the growth of brand equity.
5. Presentation of the grounds for empirical research.
6. Creation of customer value management process model in the growthand building of brand equity value.

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