Evaluation on the Application of Brand Value in Enterprise Strategic Decision

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Abstract: *With the arrival of modern business civilization, the concept of brand has gradually penetrated into people's hearts and become one of the important symbols for evaluating goods. In recent years, with the advent of economic globalization and the information age, China has also become an important market. China's economy is thriving and constantly advancing in the face of opportunities and challenges. To survive, Chinese enterprises must adapt to the fierce competition in national markets. In enterprise assets, brand, as an intangible asset, plays a very important role, representing not only the overall competitiveness of the enterprise, but also the competitiveness of the entire country. In the current market environment, a brand is a collection of product attributes. It can not only enhance the value of a product or service, make the total price of the product or service exceed the functional value of the product or service, promote sales and pricing, but also guide the strategic goals of the enterprise and determine the direction of its activities. In addition, it is also an important resource that can capture the minds, emotions, and loyalty of customers, and is a key factor in improving company performance. This paper discusses the application of brand value in enterprise strategic decision-making, and verifies that brand value can bring huge benefits through experiments (the brand value of China Commodity City is 11.9 billion yuan).*

Keywords: *Enterprise Strategic Decision, Brand Value, Market Positioning, Target Market*

1. Introduction

Brand value management is of great significance for improving the management level, marketing level, and maintaining the sustainable development ability of enterprises. The research results show that shaping and maintaining a brand can help reduce customers' risk psychology during the consumption process, and enhance customers' trust and loyalty to their consumption. This not only improves the actual economic benefits of the enterprise, but also utilizes the word-of-mouth effect of customers on the enterprise's products and services, thereby improving the marketing and promotion effectiveness of the enterprise, and thereby improving the profit and brand performance of the enterprise.

A large number of experts have proposed relevant literature research on this issue. Ameyibor LEK investigated the relationship between brand positioning and corporate performance, as well as the mesomeric effect of brand equity, against the background of Ghana's alcoholic beverage industry. A sampling technique was used to interview 196 employees from four companies in the alcoholic beverage industry in Accra, Ghana. Based on the research hypothesis, a structural equation model was established using partial least squares method. The results indicated that all hypotheses are consistent with existing literature. In particular, research suggests a positive correlation between brand positioning and corporate performance. The study also concluded that brand equity to some extent moderates the relationship between brand positioning and corporate performance [1]. Gul RF studied the role of market-oriented strategies in improving brand performance and the mediating role of positioning strategies. Based on quantitative research methods, researchers used survey questionnaires to collect data from middle and senior management personnel of clothing companies. The data comes from 220 managers directly involved in the decision-making process. The analysis results show that through the intermediary effect of positioning strategy, market-oriented strategy has a significant impact on the performance of Pakistani fashion brands. Enterprise management must prioritize market-oriented strategies to improve the overall performance of the brand. Developing a market-oriented strategy also helps to develop various positioning strategies, thereby improving performance. The literature value of this study lies in its background in the clothing industry, which is almost everyone's agenda today. Enterprises can focus on strict product quality control, innovative production processes, well-trained

and experienced employees, and comprehensive customer service [2]. Alamsyah DP conducted research on consumer needs and brand awareness. 205 consumers who had been exposed to digital advertising participated in the study. The study conducted trajectory analysis using SmartPLS to test the research hypothesis. The research results indicate that consumers' preferences for digital advertising are influenced by their needs. In addition, the implementation of digital advertising preferences has a positive impact on consumers' brand awareness. The information obtained in this study helps companies rethink the positioning of digital advertising preferences before implementing digital marketing, thereby improving consumer brand awareness [3]. Although the above literature discusses the benefits that brand value brings to company operations, there is little literature on the impact of brand value on company strategic decisions.

Brand value can help enterprises accurately position themselves in the market, achieve business growth, and also help convey the core values of the enterprise, thereby achieving the completion of strategic decisions for the enterprise. This article analyzes brand value from the application of brand value in corporate strategic decision-making, and clearly introduces how corporate brand value plays a role in corporate strategic decision-making.

2. Brand Value and Enterprise Strategic Decision

2.1. Enterprise Strategic Decision

According to strategic management theory, the overall strategic management process of a company includes strategic planning, strategic execution, and strategic control as a complete business process. Strategic planning is the process of formulating strategies based on analyzing the internal and external environment of the company: external opportunities, threats, and internal resources, analyzing strengths and conditions, evaluating strategy, environment, and adaptability: strategic decision-making includes strategic evaluation and strategic selection (such as strategic evaluation and strategic selection). Choosing the best strategic framework as the basis for strategic decision-making: The existing methods for company strategic decision-making include SWOT analysis. On the other hand, quantitative analysis methods, such as AHP analysis, simply compare the values of various scheme indicators in the decision matrix, without considering the interrelationships between indicators.

2.2. Brand Value

A brand is a name, noun, symbol, or design, or a combination of them, aimed at identifying a consumer or group of consumers' products or services and distinguishing them from competitors' products or services [4].

The brand of a modern company is the core resource and capability of the company. To some extent, it reflects corporate culture, product quality, corporate value, and so on. Among numerous brands, the quality of products is a very important indicator [5]. A good brand can establish a good image in the minds of consumers. In terms of product and service quality, a good brand can give consumers great confidence in it, thus giving it a fixed consumer group, or even a consumer group. The good reputation it receives could allow it to occupy a place in the market and bring great profits to the company; on the contrary, if the quality of brand products or services is poor, it is difficult to establish a sense of trust in the brand in the minds of consumers. Over time, it could lose the trust of the consumer group, leading to the enterprise being eliminated in the fierce market competition [6].

The quality of a company's products and services is the key to the success of its brand, and its brand image is an important symbol of the quality of its products and services. Brand strategy is a key part of an enterprise's business strategy, with the goal of establishing, using, and maintaining a brand based on the overall action plan of the enterprise, and analyzing and researching its own situation and external environment [7]. Brand is an important resource for the survival and development of modern enterprises. The economy plays a supporting role in social development, and society in turn plays a supporting role in economic development. The competition of modern enterprises has become a major driving force for socio-economic development. The traditional management model is no longer able to adapt to the strategic transformation of modern enterprises [8]. A brand is the unity and integration of an enterprise's advantages in technology, production, marketing, culture, and other aspects. It is a symbol of an enterprise's independent products, independent technology, and independent market competitiveness. Choosing a brand strategy and creating a brand is an inevitable trend [9].

In today's rapidly developing society and economy, the brand strategy mechanism of most enterprises in China is not yet very mature and perfect. There is still a certain gap between the brand strategy of enterprises and internationally renowned brands. This requires increasing the establishment and implementation of brand strategy in business strategies, so as to strengthen the core competitiveness of enterprises and lay a good foundation for enterprises to enter the international market and compete for a place in the international market competition [10].

3. Marketing Model Based on Brand Value

3.1. Brand Positioning

The starting point of brand marketing strategy is brand positioning. However, brand positioning should be based on its own characteristics. On this basis, by analyzing the personality and cultural characteristics of the brand, as well as the relationship between the brand and consumers, people aim to find the positioning point of the brand. The relationship between a brand and its customers is a feeling that customers have towards the brand, which is a friendly, helpful, and thoughtful emotion [11].

3.2. Brand Marketing

Brand marketing is actually the procedure of creating brand value by effectively incorporating the brand itself into the marketing program. Together with the evolution of social economy as well as marketing theory, the brand marketing approach has begun to get rid of the univocal, static and closed promotion mode, and transformed to the promotion mode, which has given rise to a number of new promotion methods, such as experiential marketing, sports marketing and so on [12].

3.3. Experiential Marketing

Experiential marketing is the marketing method that can meet the independent exploration and hands-on consumer experience through some specific means and ways in the process of brand promotion. It not only needs the user in-depth and all-round knowledge and also needs the customer's all-round experience and respect condensed in the product level, so that consumers feel respected, understood and thoughtful.

3.4. One-to-one Marketing

One-on-one marketing is mainly based on a consumer database that focuses on individual consumers, responds to customers through interactive activities, and customizes products and services. The principle of one-on-one marketing is to treat different customers differently, as their needs vary and their current and future value to the company also varies [13].

The brand value comes from a series of marketing plans. Strategic marketing creates brand value in the initial stage and maintains brand value in the implementation stage, laying a solid foundation for brand appreciation. The maintenance of brand value in the first stage is very important. Some companies may lose their brand after its establishment, mainly due to problems that arise during this stage [14].

Brand appreciation is the highest stage of brand marketing strategy, which can make brand products gain added value and establish a good brand image [15]. From the perspective of consumer functional value, brand value refers to the value reflected in product quality, product attributes, and product characteristics. From the perspective of consumers' understanding of the brand, the value of the brand refers to the money, time, and spiritual investment that consumers spend on the brand, which is called cost value. On the emotional level, consumers' attachment to the brand, identification with society, pursuit of fashion, and emotional connection after use are called emotional value. The perception of service and innovation formed by consumers after using brand products are the foundation for forming brand value. In an increasingly fierce market environment, thinking about brand equity only from two aspects of enterprises and employees can no longer meet people's needs [16-18]. Customers view differentiation, relevance, visibility, and respect as the four key factors that influence brand strength. In a market-oriented enterprise, business operations based on customer needs are increasingly integrated with the enterprise's value chain, and manufacturing the goods and services required by customers is becoming a prerequisite for enterprises to create brands [19-20].

4. Brand Value Evaluation Experiment

In this study, this paper selected the following six factors to determine the brand influence index in the Chinese commodity market: product price F1, product quality F2, market brand reputation F3, and region (other factors: consumer consumption habits F4, advertising promotion F5, convenience F6, etc.). The experiment distributed, collected, summarized, recorded, and collected data through a survey questionnaire. From January 1, 2020 to January 10, 2022, there were 186 valid questionnaires. When designing the questionnaire, this paper had already considered the effectiveness of the questionnaire. In the initial stage of the questionnaire, this paper set a question, with users of China Commodity City as the subjects. Those who have no knowledge of the Chinese Commodity City are considered invalid, so questionnaire research results are objective and true. The survey results show that customers in China Commodity City are highly interested in their shopping behavior and have classified them. From the final research data, this paper presents the analysis results of the six influencing factors mentioned in Figure 1.
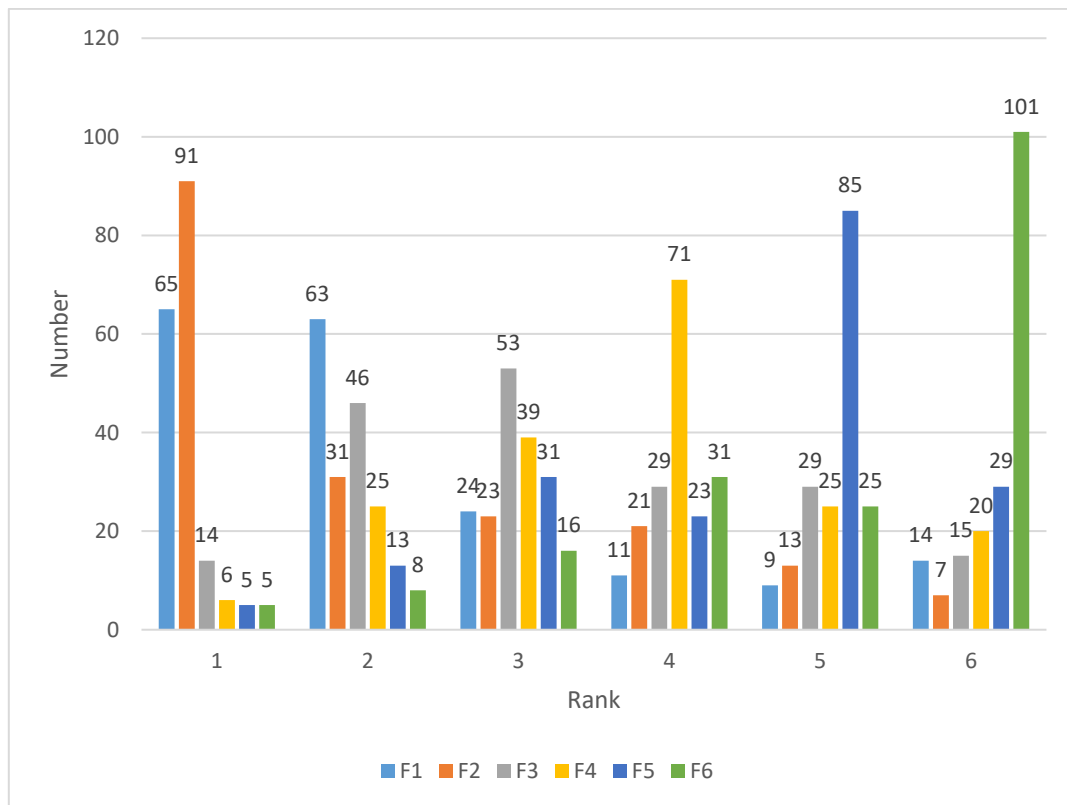

Figure 1: Evaluation of six factors that affect consumers' purchase of China Commodity City products

The first step is to assign values to the ranking based on the degree of importance, with the highest value assigned to the first level being 6. The 6th level is assigned the smallest value, taking 1. The intermediate value is an arithmetic progression: 5, 4, 3, 2.

The second step is to calculate the sum of the product of the number of people selected for each ranking and the assigned value for each factor:

$$X_i = \sum_{j=1}^{7} X_{ij} \times U_j \tag{1}$$

$X_1 = 866$, $X_2 = 889$, $X_3 = 686$, $X_4 = 600$, $X_5 = 487$, and $X_6 = 378$.

The third step is to calculate the total X_i. T: T=3906

The proportion of each factor is: $C_1 = X_1 / T = 0.2217$, $C_2 = X_2 / T = 0.2276$, $C_3 = X_3 / T = 0.1756$, $C_4 = X_4 / T = 0.1536$, $C_5 = X_5 / T = 0.1247$, and

$C_6 = X_6 / T = 0.0968$. The brand effect index is 0.167.

The evaluation of brand strength in professional markets includes consumers' opinions on the brand's performance in the market, but the relative ranking of the two influencing factors requires relevant professional knowledge. Therefore, this study did not conduct a detailed measurement of the brand strength index, but instead invited experts with relevant knowledge of the two influencing factors for comparison (as shown in Table 1).

Table 1: Judgment scale for pairwise comparison

Scale	Meaning (B_i compared to B_j i denotes row i, j denotes column j)
1	B_i is as important as B_j ; B_i is as important as itself
3	B_i is slightly more important than B_j
5	B_i is significantly more important than B_j
7	B_i is more strongly important than B_j
9	B_i is more important than B_j
2,4,6,8	denote the median of adjacent judgments 1-3.3-5, 5-7.7-9, respectively
Reciprocal	If B_i over B_j is A, then B_j over B_i is 1/A

On this basis, the AHP method was used to calculate the weights of six indicators. The review committee for this study consists of 14 members, of which 8 are master's/doctoral students in marketing, 3 are auditors of accounting firms, and 3 are experts in the field of marketing. Table 2 shows the factor judgment matrix of the survey questionnaire.

Table 2: Judgment matrix for brand strength factors of China commodity city

	Nature of the market	Stability	Leadership	Brand Trends	Brand Support	Marketing Scope	Brand Protection
Nature of the market	1	1/3	1/5	1/7	1/4	1/3	1/7
Stability	3	1	1/2	1/3	1/5	2	1/4
Leadership	5	2	1	3	2	3	4
Brand Trends	7	3	1/3	1	1/4	4	1/2
Brand Support	4	5	1/2	4	1	5	2
Marketing Scope	3	1/2	1/3	1/4	1/5	1	1/8
Brand Protection	7	4	1/4	2	1/2	8	1

According to the above matrix P, this paper calculated the weights of the seven major factors using the root square method:

The first step is to calculate the product of each row of numbers: P1=0.0001, P2=0.0500, P3=720, P4=3.5, P5=400, P6=0.00313, and P7=56;

Step 2 is to calculate the 1/7th root of P. q: q1=0.2683, q2=0.6518, q3=2.5598, q4=1.196, q5=2.3535, q6=0.4387, and q7=1.7772. The feature vector Q = (0.2683, 0.6518, 2.5597, 1.1960, 2.3535, 0.4387, 1.7772) is obtained afterwards.

4.1. Determination of Brand Strength

In the previous section, this paper used the AHP method to investigate the brand power of China Commodity City and calculated the weight of each factor. Then, combined with their performance in the market, this paper further confirmed the brand power. The survey was also conducted through a questionnaire survey. This time, the survey mainly provided a brief description of seven aspects that affect brand influence. The survey subjects were divided into seven levels, namely: 100, 70, 60, 50, 30, 20, and 10, indicating: "strongly agree", "strongly agree", "basically agree", "neutral", "basically disagree", "strongly disagree", and "strongly disagree". This section was combined with the evaluation table of 7 factors that affect consumer purchasing power, and after removing invalid issues, a total of

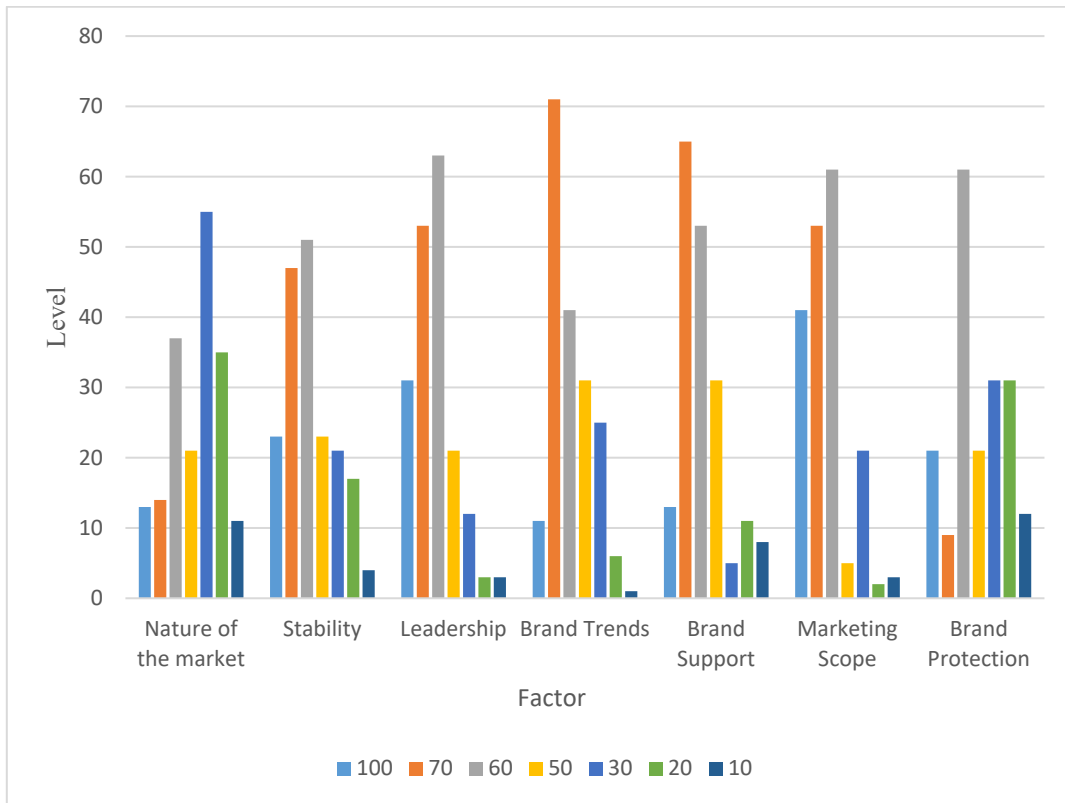186 questionnaires were collected, as shown in Figure 2.

Figure 2: Evaluation of factors influencing the brand strength of China commodity city

The first step is to present the data in Figure 2 using a 7x7 fuzzy evaluation matrix.

$$R = \begin{bmatrix} 0.0699 & 0.0753 & 0.1989 & 0.1129 & 0.2957 & 0.1882 & 0.0591 \\ 0.1237 & 0.2527 & 0.2742 & 0.1237 & 0.1129 & 0.0914 & 0.0215 \\ 0.1667 & 0.2849 & 0.3387 & 0.1129 & 0.0645 & 0.0161 & 0.0161 \\ 0.0591 & 0.3817 & 0.2204 & 0.1667 & 0.1344 & 0.0323 & 0.0054 \\ 0.0699 & 0.3495 & 0.2849 & 0.1667 & 0.0269 & 0.0591 & 0.043 \\ 0.2204 & 0.2849 & 0.328 & 0.0269 & 0.1129 & 0.0108 & 0.0161 \\ 0.1129 & 0.0484 & 0.328 & 0.1129 & 0.1667 & 0.1667 & 0.0645 \end{bmatrix}$$ (2)

In the second step, according to the weighted average type fuzzy evaluation method, the weights assigned to each factor of brand strength, Q, are multiplied by the matrix R, to obtain K.

$$K = Q \times R = (1.0585, 2.4041, 2.7598, 1.204, 0.8878, 0.63, 0.3004)$$ (3)

$$I = K \times D = K \times \begin{pmatrix} 100 \\ 80 \\ 60 \\ 40 \\ 20 \\ 10 \\ 0 \end{pmatrix} = 535.982$$ (4)

4.2. Determination of Brand Asset Value of China Commodity City

The first step is to confirm the bank rate according to the relationship between brand strength and brand multiplier:

$$\begin{cases} S^2 = 2I, I \in [0,500] \\ (S-10)^2 = 2I - 100, I \in [500,600] \\ 0, other \end{cases}$$

(5)

If I=550.53, the value of brand multiplier S is 31.18, then the bank rate r=6.69%.

In the second step, a weighted average of the three years' profits is used to derive B.

Based on previous financial data, the conservatively estimated post tax profit for 2020 to 2022 is as follows:

$$B1(2020) = 0.2113$$

(6)

$$B2(2021) = 0.1113$$

(7)

$$B3(2022) = 0.1008$$

(8)

Therefore, B=(0.2113 * 1+0.1113 * 2+0.1008 * 3)/6=0.1227.

The third step is to confirm the inflation rate, $\pi = (\pi 1 * 1 + \pi 2 * 2 + \pi 3 * 3)/6$.

According to the National Bureau of Statistics, the inflation rates from 2020 to 2022 were 2.5%, 2.7%, and 3%, respectively.

Therefore, π=(0.025 * 1+0.027 * 2+0.03 * 3)/6=2.8% can be obtained

Finally, based on all financial data, the discount of the expected return rate of China Commodity City over the next three years is considered as the future income of the enterprise, as shown in Table 3.

Table 3: Basic financial data of China commodity city

Unit: 10000 yuan (estimated data only used for article theme verification, and data may have bias, but it does not affect the experiment)

Year / Index	2023	2024	2025
Net Profit	80125.6	45125.1	8197.13
Sales	454961	61246.1	677181
Profit margin after tax	0.1877	0.1901	0.1577

Ultimately, it can be concluded that:

$$V = P \times S = C \times W \times B \times S = \left[\sum_{t=1}^{3} \frac{C \times W \times B}{(1+r+\pi)^t} \right] \times S$$

$$= \left[\sum_{t=1}^{3} \frac{0.167 \times 677181 \times 0.1227}{(1+0.028+0.0180)^t} \right] \times 31.18 = 1187114.328$$

(9)

Therefore, the brand value of China Commodity City is 11.9 billion yuan.

5. Conclusions

In a specific market environment, the brand value of a company has become the main basis for establishing and maintaining a competitive advantage. Due to the increasing requirements for evaluation, the methods of evaluation also need to be improved. With the gradual transformation of the contemporary economy from a real market to a buyer's market, more enterprises realize that in order to gain more market share and higher value, they need to implement brand strategies, manage corporate brands, and enhance their market competitiveness. The research on the application of brand value in enterprise strategic decision-making aims to help enterprises establish and enhance brand image,

enhance market competitiveness, and provide strong support for enterprise decision-making. Through the detailed analysis and explanation of brand value, this paper discusses the significance of brand value to enterprise strategic decision-making.

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