



## Design of Evaluation Index System of Brand Space Expansion Capacity Based on the Brand DNA

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### Abstract

The combination of ecology and brand management promotes the development of brand ecological management effectively. This study, from the perspective of biology DNA, analogy describes Brand DNA and builds the model of Brand DNA elements. Then, establish evaluation index of the brand space expansion capacity systematically from brand foundation developing capacity, brand operation management capacity, brand market control capacity, brand sustainable developing capacity and brand relationship management capacity, etc. It is aimed at providing decision-making basis for enterprise to execute brand space expansion strategy scientifically.

**Key words:** Brand DNA; Brand space expansion; Evaluation index system

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### INTRODUCTION

The form of competition between enterprises is beginning to shift. On the one hand, the form of competition is gradually transformed from price, quality and service competition into brand competition; On the other hand, brand competition is gradually changed from regional

brand expansion into cross-border brand expansion. “The contents of brand expansion include brand extension, brand capital operation and market space development, etc”. Brand space expansion just refers to the development of market space.

DNA is the basic genetic material of organisms, and DNA molecular structure scientifically reveals the basic mechanism of organisms genetic, variation and assimilation copy. “Brand has life characteristics, it owns genetic material genetic that similar with organisms’, which is called Brand DNA”. “Brand DNA has the characteristics of stcapacity, dupliccapacity, controllcapacity and varicapacity”. Stcapacity refers to the relative stcapacity of Brand DNA elements and it is the basis of brand factor implementing its genetic variation. Dupliccapacity means that can copy the similar factor with its own template and make brand life maintain continuity. Controllcapacity refers to control the basic activities of brand. Varicapacity means there are some differences between brand individuals in order to adapt to the changing external environment. Therefore, this study introduces the concept of biology DNA into brand space expansion. It will analyze Brand DNA elements and build ecological genetic model of brand space expansion capacity. Then, the evaluation index system of brand space expansion capacity will be established from various angles, which can lay the foundation for evaluating brand space expansion capacity quantitatively. This is also a beneficial attempt that combine ecology and the research of brand management.

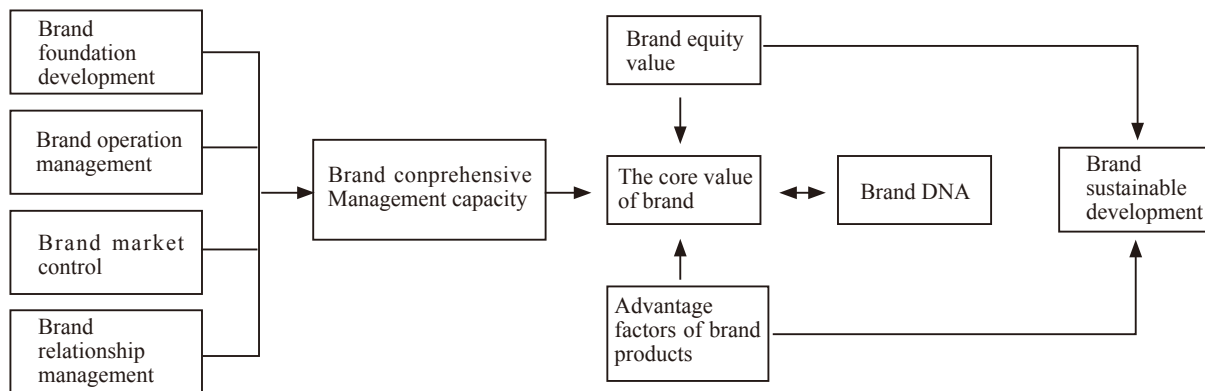
### 1. THE ECOLOGICAL GENETIC MODEL OF BRAND SPACE EXPANTION CAPACITY

#### 1.1 The Model of Brand DNA Elements

“Brand DNA refers to the core value of brand which identify brand character and form the distinct personality

of brand”. In essence, it is the all kinds of resources and the sum total of related internal support factors of brand operation. The core value of brand is reflected and determined by advantage factors of brand product, brand equity value and comprehensive management capacity of brand(as shown in figure 1). Among these, advantage factors of brand are the intrinsic inherent properties of brand product, such as: quality, function, etc, fundamentally determining the brand personality;

Brand equity value is directly reflected as the value force of brand through the consumers perception of brand and product, determining the brand sustainable developing capacity tighter with the brand product force; Brand comprehensive management capacity represents related internal support factors of brand operation, mainly for brand foundation developing capacity, brand operation management capacity, brand market control capacity and brand relationship management capacity.



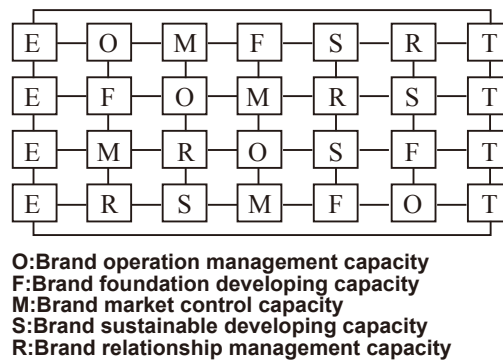
**Figure 1**  
**The Model of Brand DNA Elements**

In general, Brand DNA is the foundation of building strong brand genetic, and basically decides the size of the expansion capacity of enterprise brand space; in addition, brand space expansion depends on the specific Brand DNA, brand space expansion is essentially the dynamic change process of copy and variance of Brand DNA.

**1.2 The Ecological Genetic Model of Brand Space Expansion Capacity**

James Watson and Francis Crick (1953) put forward the famous idea of DNA double helix structure model, this paper reveals the molecular structure of biological inheritance a mystery and biological assimilation copy of the basic mechanism. It considers that DNA is a reverse parallel double chain the spiral structure with the deoxyribose base and the phosphate group skeleton outside of the double chain, and the base is located in the model. “The base sequence of different DNA molecule is various, so both of the biological populations and the individual are unique”. Brand also has the property of life, so we can make reasonable metaphor, based on the model of Brand DNA elements and building the ecological genetic model of brand space expansion capacity(as shown in figure 2). Model is the double helix structure based on the dominant and recessive expansion capacity as the double chain and the two chains are interdependent and mutual winding with five specific expansion abilities such as brand foundation developing capacity as the base pairs, forming a biological activity of stable DNA spiral structure. The limitless arrangement of the base

pairs means the diversity and difference of brand space expansion, that is, different brand enterprise owns unique, stable and irreproducible brand space expansion capacity.



**Figure 2**  
**The Ecological Genetic Model of Brand Space Expansion Capacity**

**2. THE ANALYSIS OF THE ECOLOGICAL GENETIC MODEL OF BRAND SPACE EXPANTION CAPACITY**

**2.1 Brand Foundation Developing Capacity**

Brand foundation developing capacity is the basic guarantee of brand space expansion operation, is the premise of forming brand operation management capacity, brand market control capacity and the brand relationship management capacity. It is mainly formed by

the organization mechanism rationality, human resources comprehensive quality, brand innovation capacity and brand culture capacity.

(1) The organization mechanism rationality. The organization mechanism is the determinant of organization. Good organization operation elements to ensure that brand ecosystem internal and external physical flow, information flow, capital flow, improve the efficiency of the brand operation. It can be measured by indicators of organization structure rationality and organization outgoing development capacity.

(2) The comprehensive quality of human resources. Managers form the brand management idea and construct the brand strategy, and employees are the practitioners of all brand strategies. They are the central of perfecting and making the construction of the brand ecological system healthy. "It can be measured by comprehensive quality index of senior executives, the average of staff education degree, comprehensive index of the employees' concept quality, etc".

(3) The brand innovation capacity. In the competitive dynamic economic situation, if no innovation consciousness, the mature brand will also decline along with the changing of marketing demand. The index of input ratio of technology innovation and the staff ratio of technology research and development personnel can directly or indirectly reflect the enterprise's input of funds and labor in brand innovation activities.

(4) The brand cultural capacity. The competition essence of brand cultural capacity is to make the consumers accept your brand or product, by means of catering or influencing the expansion area's consumers' ideology, values and consumption habits through the brand concept, brand image and brand personality that the enterprise brand reflected. "It reflects the unique diversity of brand product and its special capacity of adapting to environment, it can reduce the cost of market access", and it has become the important influence factor of whether a brand can do the space expansion successfully. It can be measured by the index of brand culture cohesive and capacity to adapt, the questionnaire survey can be designed from the aspects of whether enterprise concern for the needs of the consumers, the attitude to the brand expansion risk, the flexibility of strategy in the brand expansion management, etc.

## 2.2 Brand Operation Management Capacity

Brand operation management capacity is the premise of brand's own advantage factors performing in a competitive market. It is the foundation of brand space expansion strategy's successful implementation, mainly represent the basis of brand positioning capacity, brand spread capacity and brand scale expansion capacity.

(1) The brand positioning capacity. Enterprise, which with the brand as the core, should choose specific target market according to their own unique resources and

capacity. It can be measured by the market orientation and subdividing capacity indicators, and combine the expert visit and questionnaire survey method to do evaluation and analysis.

(2) The brand spread capacity. The process of brand space expansion is not only the duplication and variation process of a strong brand genetic, more is the communication process of brand personality and brand value. Effective brand communication can make the brand accepted by most consumers, and also can realize effective abutment joint between the brand and target expansion area. Especially when a brand to enter the new market, the original popularity and reputation is not easy to be transferred. It is necessary to shape brand image, transfer or enhance the brand visibility and reputation through publicity means of advertising so that a good social public opinion environment for brand space expansion can be created. The input ratio of advertising expense and expense ratio of brand marketing can be used to describe the expenses of expansion enterprise's brand publicity and reflect the capacity of the using of brand and the control of the distribution channel.

(3) The brand scale expansion capacity. When a product or brand has a certain scale in some product field or market area, it usually enlarges the brand coverage area and enhances the brand share by means of the brand space expansion strategy. "It includes the brand radiation and homogeneity copy capacity". The brand radiation decides the width of the brand expansion. If the radiation is stronger, the product face and market face that brand covered are wider, the brand resources and assets transferring to new market area are more, its expansion capacity is stronger; And the homogeneity copy capacity of brand decides the effect of brand expansion. This index can be ensured through expert evaluation.

## 2.3 Brand Market Control Capacity

Brand market control capacity is a relative concept that compared with other rival brands in the market competition, and it reflects the effect of market, competitive position and role for lasting competitive advantage of all kinds of resources inputs condition. It mainly for brand market presence capacity and brand profitcapacity.

(1) The brand market presence capacity. Market is the foundation of the subsistence and development of brand and product. Therefore, the sharing of market must be a basic aspect that measure brand space expansion capacity. Market share of brand, market penetration and market coverage can be used to measure brand market share status and brand control ability.

(2) The brand profitcapacity. A single strong market presence cannot represent brand market control capacity is strong. As we know, the market competition that based on brand ecological not only seek high market share, the more pursue brand value profitcapacity. Brand sales

income, sales profit margins as indexes can reflect the enterprise's management strength, operating performance and brand comprehensive profitcapacity scientifically.

#### 2.4 Brand Sustainable Developing Capacity

Brand sustainable developing capacity refers to the development potential of brand lasting innovation. The brand space expansion with ecological perspective is a kind of sustainable brand operation mode. Therefore, what it pursuits is brand lasting competitive advantage, and it is decided by brand product force and brand value force.

(1) The brand product force. "It reflected in the consumer's concern of related properties of brand product. For instance, quality, price, function, service, etc". Among these, quality is the most core elements of brand product force, it is the premise for consumers to accept the product in the competitive market. The price is the characterization of market orientation of brand. It will make great influence on consumers' purchasing behavior virtually. The domestic and overseas scholars' research which about how to affect the price of the customers' purchasing behavior shows that most consumers agree to price can reflect the quality of the brand product on a certain extent. Function is the most essential thing connected production and consumption. The essence of consumers to buy brand product is for its function. Service itself is a kind of intangible product, and it can be brought to consumer an expected benefits or satisfaction. It will affect consumers' psychological emotional experience to a certain extent. This index can be designed questionnaire, to determine the market using a range of random survey method.

(2) The brand value force. It refers to consumer's recognition, evaluation and satisfaction to brand or product, reflecting the degree of brand prepotent as a whole. It is the important factor influencing brand expansion, more prepotent, stronger the expansion ability is. It's measurement mainly from the brand awareness degree, brand reputation degree, brand association degree, brand loyalty, etc. Brand awareness degree reflects the potential or realistic target consumer's ability of recognizing a particular brand. The higher the popularity of the brand shows that the consumers are more familiar to it, and have the greater possibility to buy it. Brand reputation among consumers reflects consumers' satisfaction of product quality, function and value after purchase. Brand association degree reflects the consumers' association with brand image, prestige, product quality when see the brand names or marks. Brand loyalty reflects to the consumers' long-term repeatability purchase behavior, represents the consumers' loyalty degree to brand. This several indexes can be measured by range random survey method.

#### 2.5 Brand Relationship Management Capacity

"Brand relationship management is the ability that suppliers, consumers, marketing agencies, stakeholders, government departments and other related cooperation

partys establish together and maintain for long". It is an important guarantee for brand and product get the acceptance of local market. In the practice of brand space expansion, brand relationship management ability is mainly embodied in the relationship between brand and supplier, distributor, consumer and related cooperation partys.

(1) The relationship between brand and supplier. Supplier is the basic component of brand ecological system. This relationship is the basic aspect on influencing brand relationship management ability.

(2) The relationship between brand and distributor. Channel network is the important guarantee for logistics such as brand product to circulating smoothly in the market. Enterprises should select the appropriate channel structure according to their own strength and product types they manage, so as to establish good cooperation with distributors in expansion.

(3) The relationship between brand and consumer. The quality of the relationship between enterprises and consumers is the deciding factor for brand surviving in the market competition. The process of decision and implementing of enterprise brand space expansion must be always regard consumers demand as the starting point.

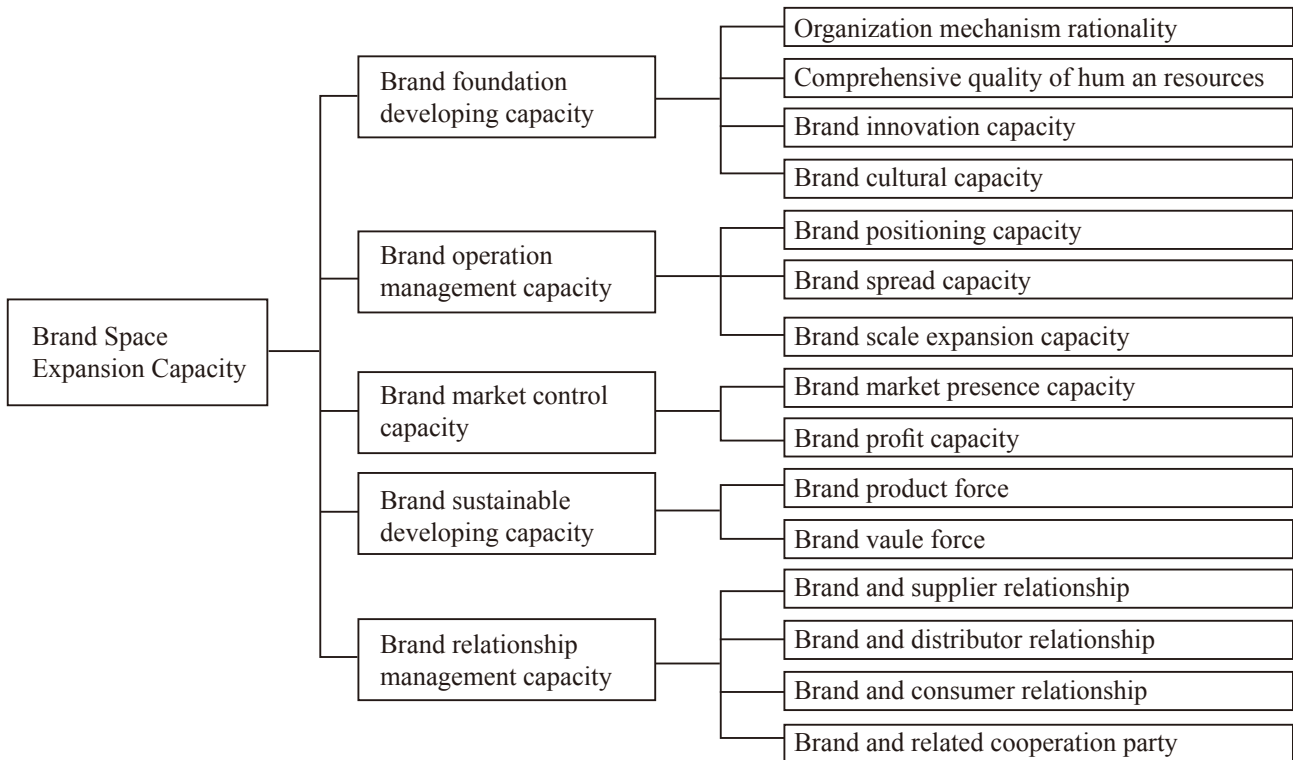
(4) The relationship between brand and related cooperation partys. Related cooperation partys such as finance, government, public opinion institutions constitute correctively the ecological environment of brand expansion regional, which plays a indirect constraint role on the implementation of brand space expansion strategy.

### 3. DESIGN OF EVALUATION INDEX SYSTEM OF THE BRAND SPACE EXPANSION CAPACITY

Brand space expansion capacity is a organic whole and can be seen as a complex capacity system that be made by several connectional and interactional Brand DNA factors. To a study of a complex system, we can achieve overall understanding of the system through the research of various elements of this system, the relation between the elements of various factors and also the factors' influences to this system. Therefore, design of the evaluation index system must be complied with the following principles: (1) scientific: This system should be comprehensive and systematic so that it can reflect the actual problems of brand space expansion from several angles scientifically; (2) independence: try our best to avoid the overlap of index, ensure the independence and representative of the selected indicators; (3) feasibility: try to choose the index that can be tested and of which the quantitative data is easy to collect, ensure the qualitative evaluation index score data is easy to obtain, and the source of the channel is reasonable; (4) comparable: the index of the evaluation index system shall be both has the similarities and with

macro compared significance. According to above, based on the model of Brand DNA elements, we can establish

the evaluation index system of brand space expansion capacity(as shown in figure 3).



**Figure 3**  
**Evaluation Index System of Brand Space Expansion Capacity**

## CONCLUSION

This study analogy analysis Brand DNA and its elements according to the biological DNA of ecology, and builds the genetic model of brand space expansion capacity based on it, establishes the evaluation index system of brand space expansion capacity systematically from five aspects such as foundation development of the brand, this system can comprehensively and systematically evaluate the relative position between the individual brand and other similar brands in particular economic ecological system, it also can provide the reference basis for enterprises' decision-making to improve the comprehensive competitiveness of brand and about the brand space expansion strategic.

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