Brand value, marketing investments and capital structure.
An empirical analysis

ABSTRACT

An ever growing number of businesses is becoming aware that one of the highest value business assets in the current competitive context is the brand associated with a company's products or services. In a world which is becoming ever more complex and turbulent, individuals and businesses today find themselves having to confront a wider range of choices than ever before, while having less and less time in which to consider their buying decisions. Consequently, the ability of a brand to simplify consumer choices, reduce perceived risk and create expectations has significant value. The aim of the present work is to take an in depth look at some aspects relating to brands, placing particular emphasis on brand equity, on the process relating to brand valuation, and on the influence of brand equity on corporate finance, normally considered to be unrelated to factors not themselves closely connected to financial logics.

The first part of the research, of a theoretical type, is dedicated to a wide literature review, with the aim of analysing the contributions on the subject already present in the academic world, providing, in addition, some innovative ideas, especially regarding:

- The evolution of brand and brand equity and the role of the aforementioned over the years, moving from a customer-based viewpoint to a stakeholder-based perspective.

- The problems connected to brand valuation and the most used techniques, making an attempt, moreover, to offer an innovative viewpoint and enrichment of the methodologies and techniques used up until now for brand valuation.

- Implementation of the first borderline models which connect the brand equity aspect with finance and accounting profiles.

- The influence of brand and brand-building investments on corporate finance, including aspects such as IPOs, the value of shares on the stock market, company value etc.

The second part of the research paper, detailed in the fourth and final chapter, is reserved for empirical analysis with the purpose of evaluating whether or not some of the hypotheses

theoretically outlined previously find a basis in reality. Through a prevalently quantitative investigation an attempt will be made to demonstrate the existence of a link between marketing spend, especially investments aimed towards brand building, brand value expressed in monetary terms and business capital structure. The examination of this correlation, which has not yet been explored in existing literature, constitutes an important plus, and hopefully is an element of great originality. In addition, if the output of the analysis should prove to be statistically significant, it will be possible to attribute ulterior scientific relevance to the research activities carried out.