

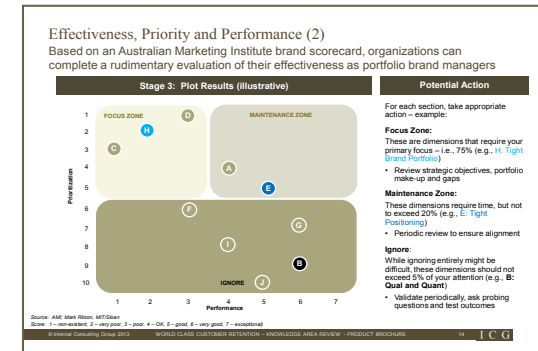
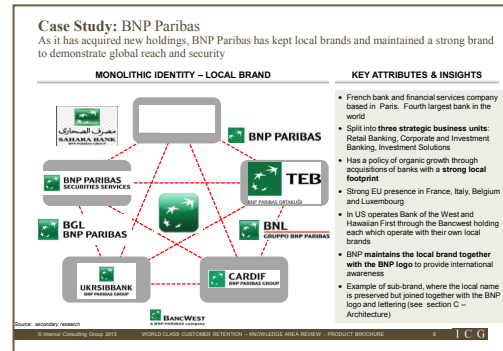
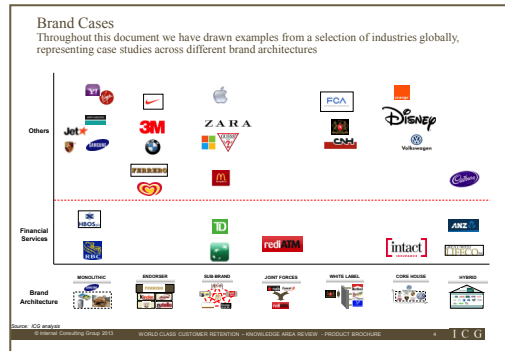


Knowledge Area Review (KAR)

Brand Portfolio Management – Product Brochure

September 2014

Product Sample: Brand Portfolio Management



PRODUCT SAMPLE: WHAT TO DO WITH A INHERITED PORTFOLIO OF BRANDS? (total of 107 pages)

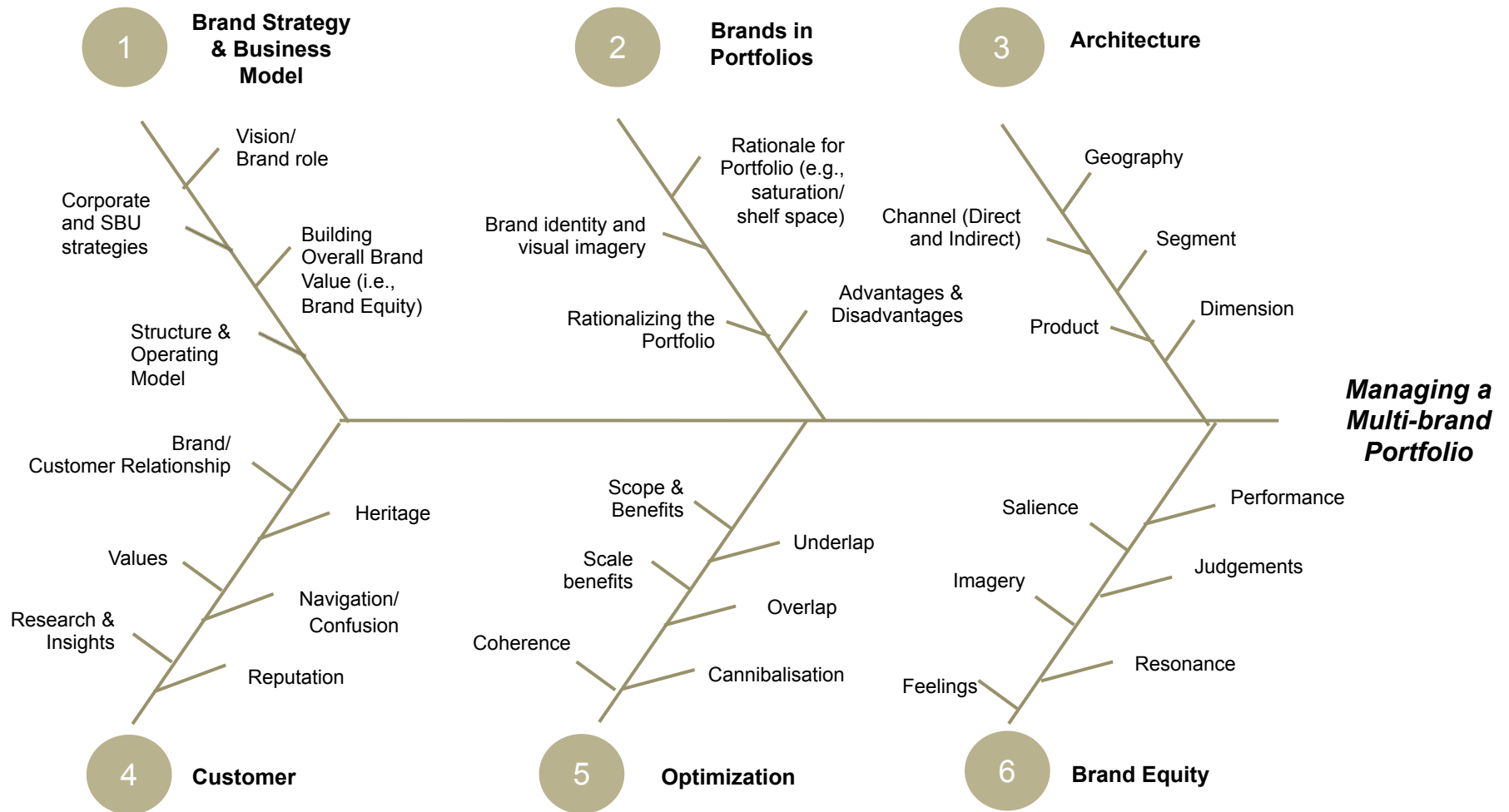
Commercial research relevant to any executive of organizations seeking to improve the performance of their portfolio of brands

ICG research suggests that the gap between realized and potential brand value is less to do with individual brands and much more to do with the lack of a systemic and well-governed means of managing a portfolio of brands as a whole. As an executive, what do you do with an inherited portfolio of brands? In this document, we help you to think about that question, and support if with available thinking on:

- Perspectives on global best practice guiding principles for brand strategy drawing upon over 30 case examples
- Rationale for brand portfolios vs. single brands, optimal size and how/why they are integrated
- Types of brand architecture and provide examples of each
- Customer needs and their implication for brands
- A high level look at optimization strategies, and
- Discuss how brands are measured, brand equity as a construct and how organizations can know where they stand.

Six main dimensions of world class brand portfolio management

For the purposes of this KAR, we have organized our thinking as follows



Source: ICG analysis

What to do with an inherited portfolio of brands? – Table of Contents

Section	Component	Description
1	Executive Summary	Overview of our research and findings
2	Effectively Managing a Portfolio of Brands	Overview of the key components for Portfolio Management
2a	Brand Strategy & Business Model: How does an organization approach its brand strategy?	
2b	Brands in Portfolios: What are the advantages and disadvantages of a portfolio of brands?	For each different dimension
2c	Architecture: How do you structure a portfolio of brands?	<ul style="list-style-type: none"> • The key thinking from consulting firms, journals and academia as to what constitutes best practice • Examples of this best practice across different firms and industries
2d	Customer: What are the client considerations to ensure the best set of offers?	
2e	Optimization: How do you optimize a portfolio of brands to support strategy?	
2f	Brand Equity: How do organizations ensure that they capture and optimize brand equity?	
3	Knowledge Sources	Relevant published materials for further reading

Illustration: Brand Architecture & Brand System

Brands within a System usually fall into a natural hierarchy called a 'Brand Architecture'

Position in the Hierarchy	Definition	Examples		
Brand Architecture Type	<i>Monolithic, Master, Endorser, Partner</i>	Monolithic	Endorser	Master
Corporate Brand	<i>Brand that identifies the corporation behind the product or service offering</i>	General Motors	Nestle	HP
Range Brand	<i>Brand the ranges over several product classes</i>	Chevrolet (e.g. Vans, trucks, cars)	Carnation (e.g. Instant breakfast, infant formula, evaporated mil)	HP Jet Brand (e.g. DeskJet, LaserJet, OfficeJet, DesignJet)
Product Line Brand	<i>Brand the represents a product or product class</i>	Chevrolet Lumina	Carnation Instant Breakfast	LaserJet IV
Sub-Brand	<i>Brand that distinguishes a part of the product line</i>	Chevrolet Lumina Sports Coupe	Carnation Breakfast Swiss Chocolate	LaserJet IV SE
Branded Feature/ Component/ Service	<i>A design feature that enables a brand to excel if sub-brand lacks distinctiveness</i>	Mr. Goodwrench Service Systems	NutraSweet	Resolution Enhancement

D.A Aaker *Managing Brand Systems*, pg 242, *Building Better Brands*, The Free Press, 1996.

How a brand makes its way in the world

A customer-led perspective on the purpose of a brand leads managers to spend their time asking questions such as “do customers believe what we say?”, “what occasions make them think of our brand?” and “how should we deliver on our promise to them?”

Effective brand strategy depends on managing three stages of interaction with customers to shift demand at a fourth and final stage.

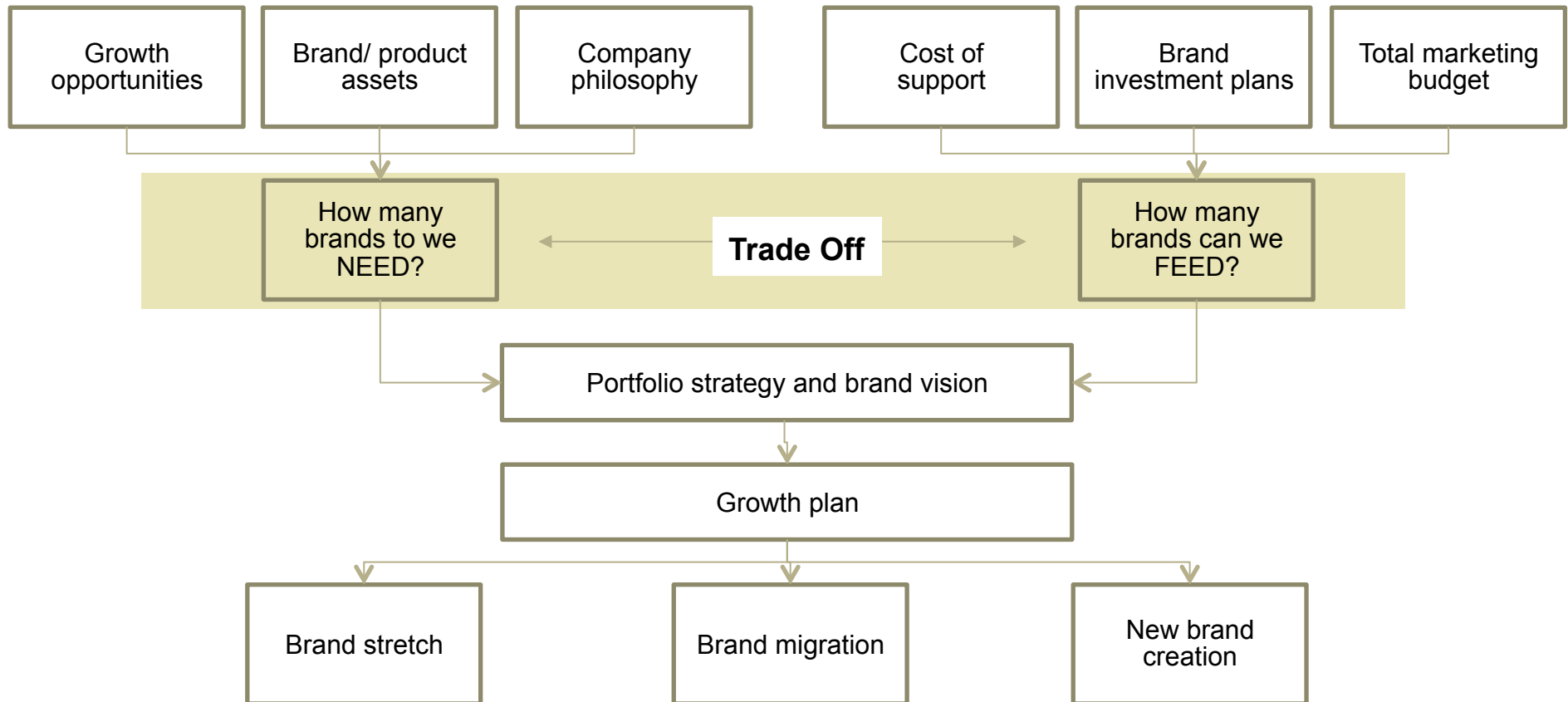
- 1 The first stage involves defining the **brand’s meaning** – or how it should live in the minds of customers – and the signals chosen to convey that meaning
- 2 The second – the **brand signals** then get transmitted to customers, employees, investors, and other stakeholders
- 3 Thirdly – the **signals can be amplified** for better or distorted for worse by people along the way, so companies continuously need to monitor and adjust their transmissions
- 4 And finally – the sum of these interactions determines **how the brand is received** in the customer’s mind and how it stimulates buying behaviour.

Source: Bain & Company, *Brand Strategy that shifts demand: less buzz, more economics*

Looking at the bigger picture in a systemic fashion – Need and Feed

Rather than jump straight into a debate about which brands deserve more or less support, leading organizations approach the challenge by first identifying growth opportunities in the marketplace and then considering which of the company's brand assets could be used to attack these

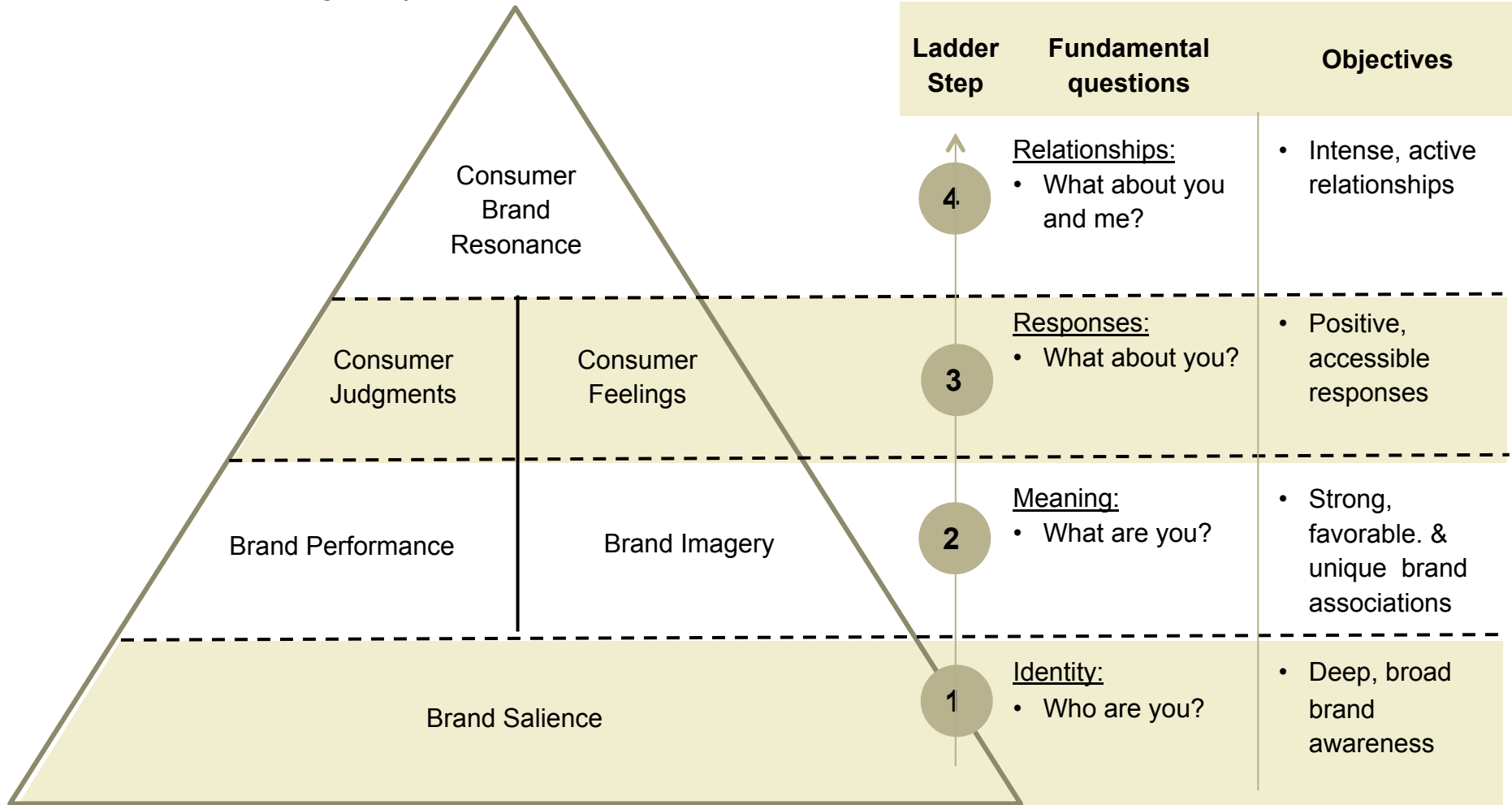
Brand Portfolio Process



Source: David Taylor, The Brand Gym, Workout Three, Doing Fewer Things Better, JW and Sons 2003

Keller's Customer-Based Brand Equity model

Building a strong brand can be thought of in terms of a sequence of steps, in which each step is contingent upon the successful completion of the previous step. All steps involve accomplishing certain objectives with customers, both existing and potential



Source: Kevin Lane Keller, *Building Customer-Based Brand Equity: A Blueprint for Creating Strong Brands*. ICG analysis

Step 1 – Who are you?

Brand Identity – Salience

The first step is to ensure identification of the brand with customers and an association of the brand in customers' minds with a specific product class or customer need

	Creating Brand Salience	Leads to Improved Brand Awareness	Impact on Brand Equity
Key	What is the depth and breadth of awareness?	How do we improve awareness?	How do we measure success?
What it is?	<p>Forms the foundational building block in developing brand equity and provides three important functions:</p> <ol style="list-style-type: none"> 1. Influences the formation and strength of brand associations that make up brand image and gives the brand meaning 2. Creates a high level of brand salience in terms of category identification and needs satisfied is of crucial importance during possible purchase or consumption opportunities 3. Helps customers with low involvement¹ with a product category to make choices 	<ul style="list-style-type: none"> • Involves linking the brand – brand name, logo, symbol, and so forth – to certain associations in memory • In particular, building brand awareness involves making sure that customers understand the product or service category in which the brand competes • Also means ensuring that customers know which of their needs the brand is designed to satisfy – through these products • What basic functions does the brand provide for customers? 	<ul style="list-style-type: none"> • Distinguished in terms of two key dimensions – depth and breadth • Depth refers to how easily customers can recall or recognize the brand. • Breadth of brand awareness refers to the range of purchase and consumption situations in which the brand comes to mind • A highly salient brand is one that possesses both depth and breadth, so that customers always make sufficient purchases as well as think of the brand in a variety of settings in which the brand could be employed or consumed
Sample Questions	<ul style="list-style-type: none"> • How easily and how often is the brand evoked under various situations or circumstances? • To what extent is brand top-of-mind and easily recalled or recognized? • What types of cues or reminders are necessary? 		<ul style="list-style-type: none"> • Where do customers think of the brand? • How easily and how often do they think of the brand?

Source: Kevin Lane Keller, Building Customer-Based Brand Equity; A Blueprint for Creating Strong Brands

Note (1): "low involvement" occurs when customers lack either (1) purchase motivation – i.e., do not care about the product or service;

(2) purchase ability – do not know anything else about the brands in the category or lack the expertise to judge quality even if they know some things.



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