

# Managing brands

## **Lecture 8 – Portfolio strategy and brand positioning**

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# What will we cover today?

In-depth brand health analysis using the CDF

Portfolio strategy

- Outline the guidelines for developing a good brand portfolio

- Assemble a basic brand hierarchy for a brand

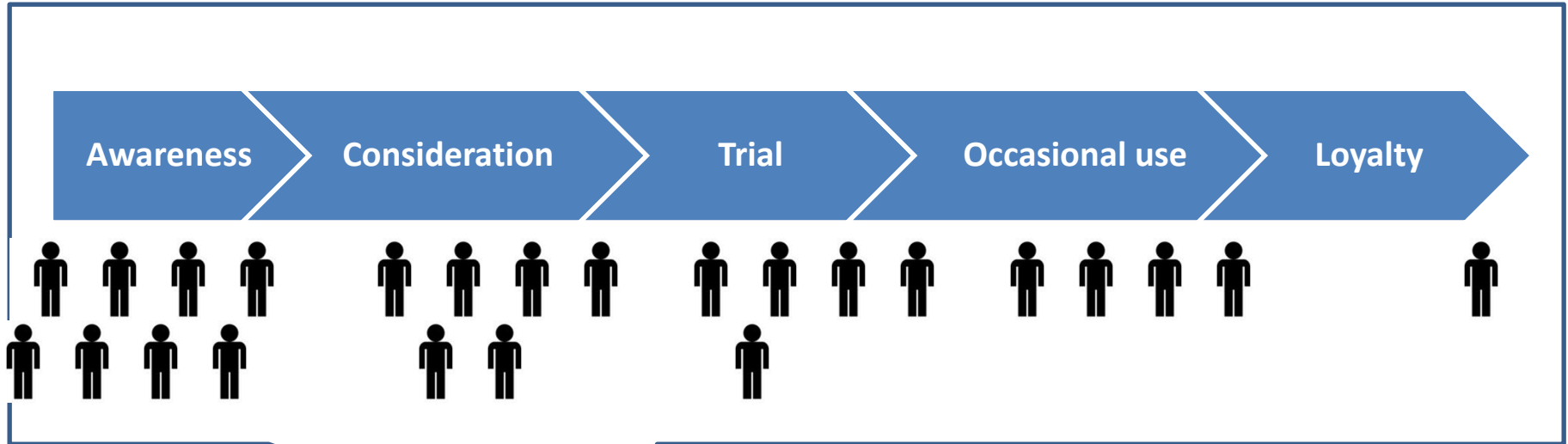
- Describe how a corporate brand is different from a product brand

Brand Prioritization Matrix

Brand Positioning/ Brand Opener

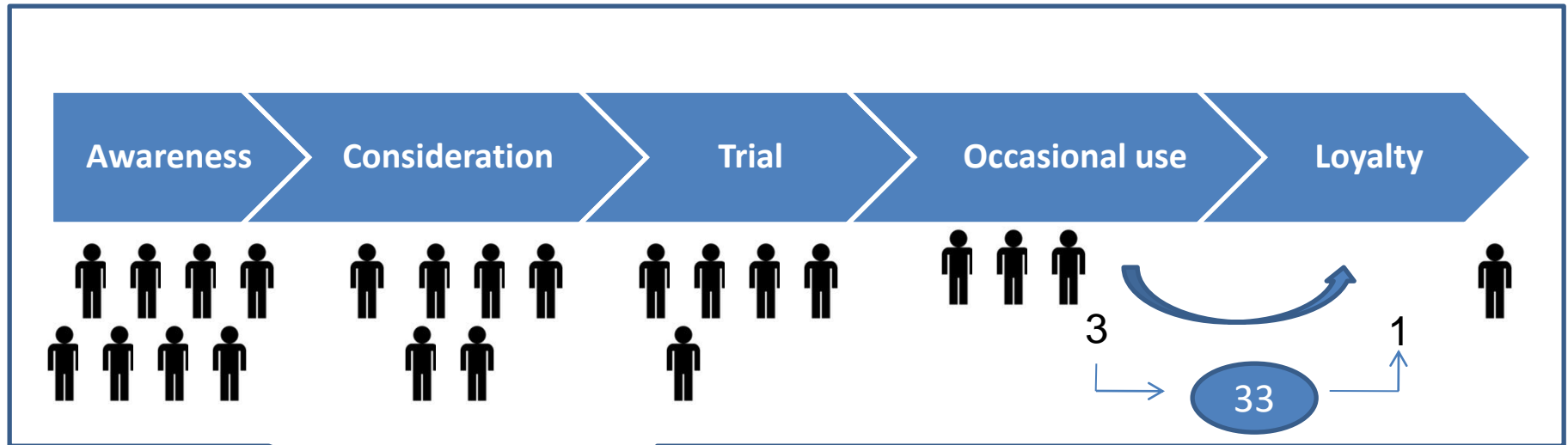
# Consumer disposition funnel (CDF) analysis

# The funnel is a fundamental tool differentiating consumer relationship to your brand



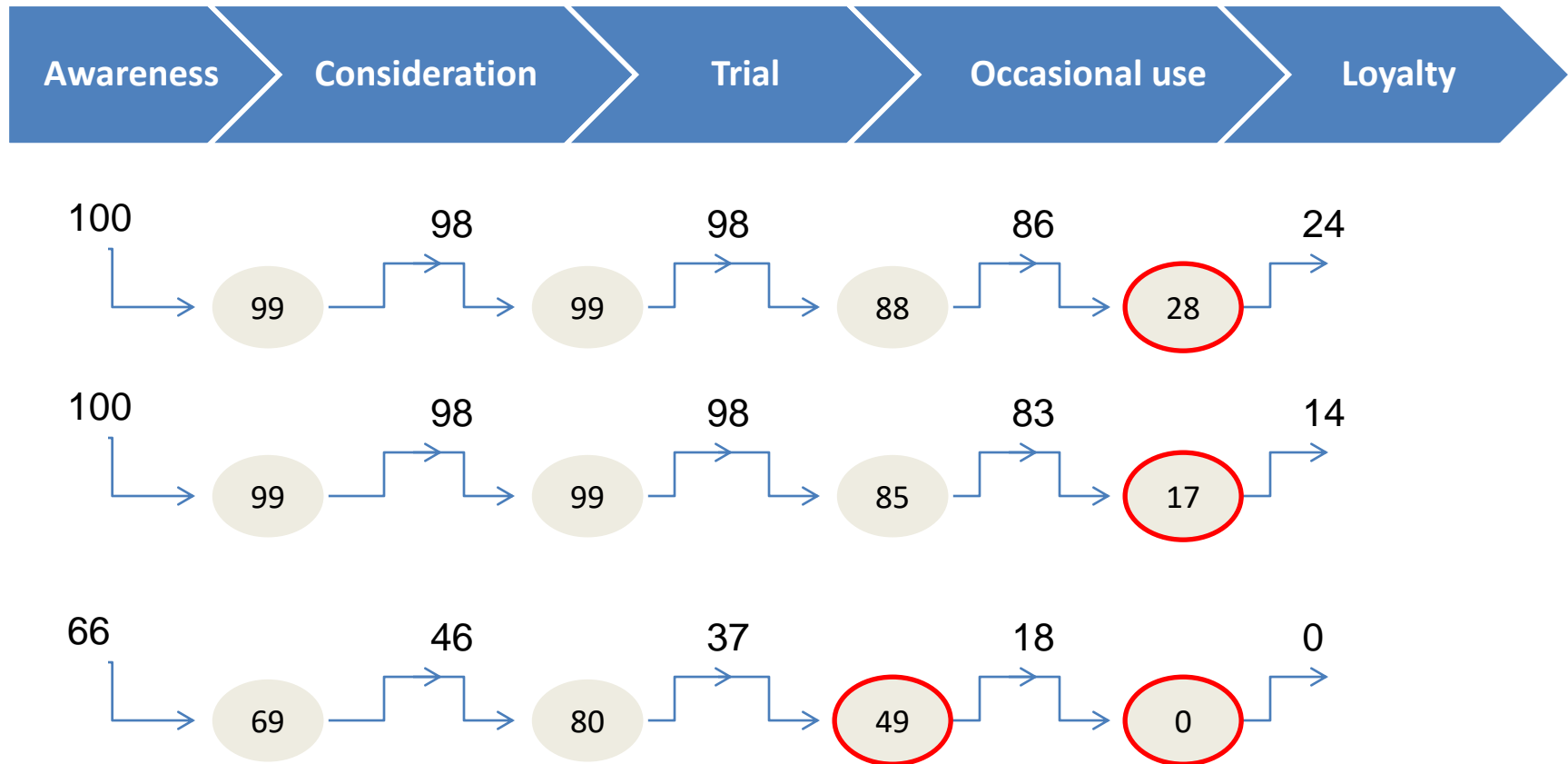
- All consumers fit into one stage of the funnel, depending on their relationship to your brand
- Sales are in direct correlation with the brands funnel performance
- Sales increase the further consumers move forward in the funnel

The conversion rate is the rate with which consumers drop of at different stage of the funnel. It helps to identify the brand's bottleneck



- A high conversion rate indicates a strong brand performance
- A low conversion rate between two funnel steps compared to
  - Conversion rates between other funnel steps and
  - Relevant competitive conversion ratesIndicates a brand bottle-neck – where we are losing most consumers
  - The bottleneck should be the main focus of the BM in order to improve the profitability of their brand

## Comparative benchmarking (between funnel steps & across competition) allows to highlight funnel bottlenecks



Both marketing and sales can influence bottlenecks in any part of the funnel; coordination is needed



# .. while Marketing and Sales influence each funnel step

 **Marketing & Sales**



<b>ATL activities</b>	Communication, media/ message	Comm, messsage with high purchase intent	High TOM awareness	High TOM awareness, ads close to purchase	
<b>Brand positioning</b>		Appealing positioning	Attractive pack	Good taste	Continuously satisfying brand experience
<b>Pricing</b>		Acceptable/ attractive perceived price	Affordable/ competitive shelf price	Affordable/ competitive shelf price	Acceptable shelf price
<b>BTL activities</b>			Active recruiting promos	Active retaining promo	Retaining/ bonding activities with users
<b>Distribution/ visibility</b>	Highly noticeable at POS/ cannot be missed	Highly noticeable at POS, arises curiosity	High distribution, shelving/merch., distinctive pack	High distribution, shelving/merch., relevant channels	High distribution, shelving/ merch., relevant channels
<b>Consistency</b>	Overtime and across all touchpoints				

To fix brand's bottleneck, we first must identify underlying reason – and only then develop action plan accordingly

- A number of questions can be asked to discover the reason of brand's bottleneck. They are called “**diagnostic questions**”.
- A number of **data sources** can be used to help to answer diagnostic questions. From ongoing research (Tracking), to specific research (pack test) to simple methods like store check.
- Certain **recommended actions** can be applied, depending on your answer to diagnostic questions.

Do not cure ‘cough’ (symptom). First set diagnosis, then cure reason (disease) behind the cough!

# Funnel Bottleneck questions

Awareness

Consideration

Trial

Occasional use

Loyalty

**If your key issue is low awareness – why is this?**

- What is your TOM awareness?
- Competitive SOV?
- Competitive ad awareness?
- Right Media Mix?
- Right consumer connection points?
- Is there a single strong impactful Master Idea?
- How well branded is communicated?
- Is your brand well distributed in relevant channels?
- Is it superbly presented at POS i.e. well noticeable, easy to find, etc.

**If your key issue is low consideration – why is this?**

- Is brand Positioning relevant/ appealing, distinctive and competitive?
- Is the communication putting across the Brand Positioning?
- Is the communication consistent
- Is your brand's perceived price attractive or is beyond your consumers' aspiration (too high/ too low)?

**If your key issue is low trial – why is this?**

- Is your brand well distributed?
- Is your packaging attractive / doesn't make consumer change his/her mind at POS?
- Is your brand's shelf price affordable and worth paying according to expectations? Maybe too big/ expensive packs for the 1<sup>st</sup> purchase?
- Do consumers like the brand promise but expect 'strange' taste (ex. For niche product), or do not believe that is has good taste (ex. Mistrust manufacturer)

**If your key issue is low occasional use – why is this?**

- Is your brand's taste good? If disliked – is it real or perceived?
- Have trialists discovered no difference in brand experience vs. their current brand?
- Is your ratio "Brand TOM/Awareness" high enough?
- Is distribution good?
- Does your brand perceived to be for nice occasions?
- Are your consumers promo-driven?
- Is your consumers' current brand very active in retaining them?
- Is your brand really living up to its values and is consistent in all consumer touchpoints (ATL, BTL, in-store..)?

**If your key issue is low occasional use – why is this?**

- Are your consumers **emotionally attached** to your brand?
- Do consumers perceive/ use your brand for particular **occasion** that doesn't happen often?
- Does your brand exist in **pack type/size** that are convenient for t.a.?
- Are your target consumers "**switchers**"? What other brands is your t.a. purchasing and why? Ex. Are they promo driven?
- Can your loyal consumers always find your brand where they're used to buy it?
- Is your brand's **shelf price** affordable to make it most often used? Is your brand really living up to its values and is **consistent** in all consumer touchpoints (ATL, BTL, in-store,..)?

# Portfolio strategy

# Why is Great Portfolio Strategy Commercially important?

Having consciously developed Brand Portfolio Strategy ensures:

- The right number of brands exist to optimize market coverage and to take advantage of future profit pools
- Each brand has a clear and defined role, so resource is not duplicated, and there is no weak 'tail'
- Having well thought through Portfolio Strategy has become the focus of many world-class marketing organizations

# PORTFOLIO OF P&G



**Where is your brand in the company portfolio?**

**Does it have similar products? Or the only one the product category?**

**What is the role of your brand within the portfolio?**

# Brand Portfolios

Flankers

Cash Cows

Low-End, Entry-Level or High-End,  
Prestige Brands

Strategic brand management: Building, measuring and managing brand equity by Kevin Lane Keller (2013) Chapter 11.

- Protective or fighter brands
  - To create stronger points-of-parity with competitors' brands
- Fighter brands must not be so attractive that they take sales away from their higher-priced comparison brands
  - If they are connected to other brands in the portfolio, they must not be designed so cheaply that they reflect poorly on other brands



- Despite dwindling sales, some brands are retained
  - Due to their sustainability without any kind of marketing
- Milked by capitalizing on their reservoir of existing brand equity



# Low-End, Entry-Level or High-End, Prestige Brands

- Sub-brands leverage associations from other brands while distinguishing themselves on price and quality
- Role of a relatively low-priced brand - To attract customers to the brand franchise
- Role of a relatively high-priced brand - To add prestige and credibility to the entire portfolio



Strategic brand management: Building, measuring and managing brand equity by Kevin Lane Keller (2013) Chapter 11

# What are the outputs from a Portfolio strategy

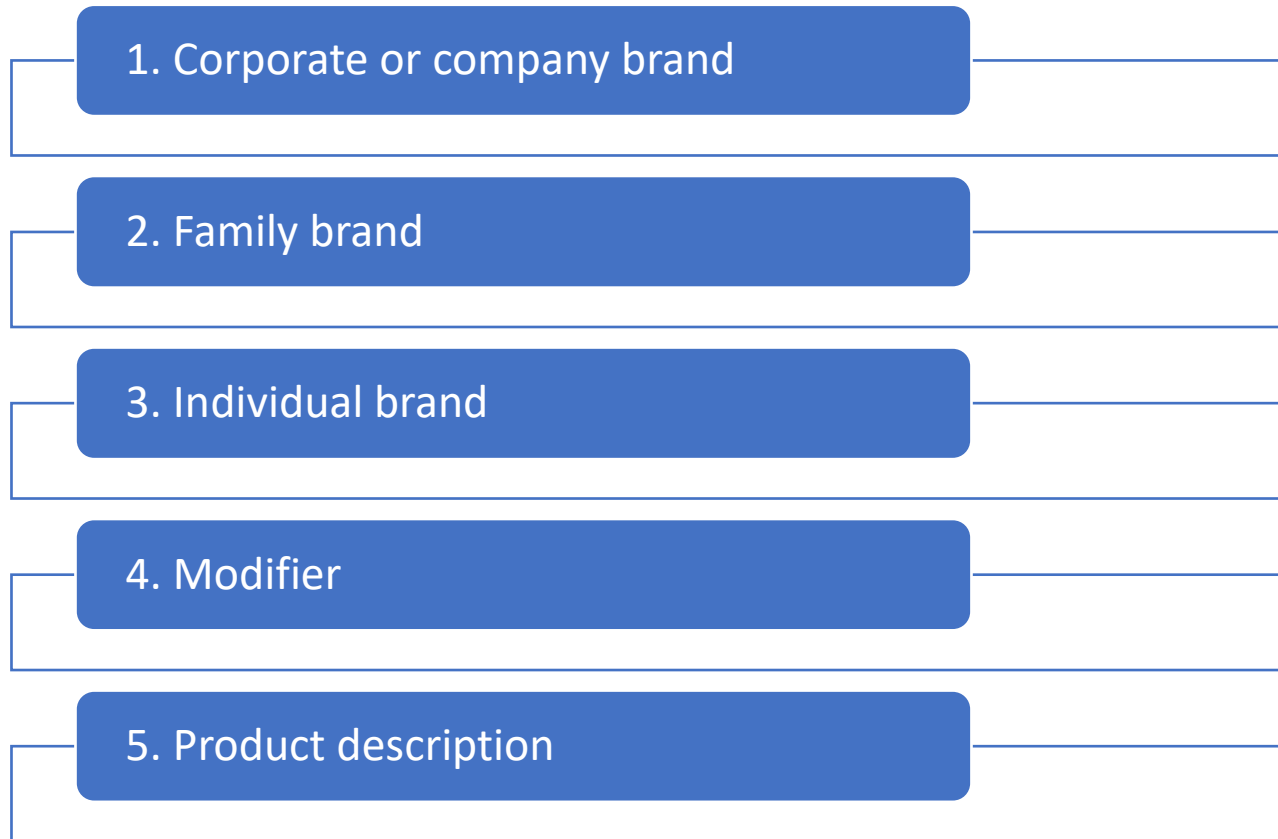
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1. Segmentation
2. Price positioning
3. Brand prioritization

## Objectives:

- Understanding of consumer landscape & needs
- Give directions for future brand positioning
- Define role of brands in portfolio & resource allocation
- Gives Direction for marketing and sales in planning and executing activities

# Levels of Brand Hierarchy



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- Highest level of hierarchy
- **Corporate image:** The consumer associations to the company or corporation making the product or providing the service
  - Relevant when the corporate or company brand plays a prominent role in the branding strategy



# Family Brand Level

- Used in more than one product category but is not necessarily the name of the company or corporation
  - Also called a range brand or umbrella brand
- If the corporate brand is applied to a range of products, then it functions as a family brand too
- If the products linked to the family brand are not carefully considered, the associations to the family brand may become weaker



# Individual Brand Level

- Restricted to essentially one product category, although multiple product types may differ
- Customization of the brand and all its supporting marketing activity
- If the brand runs into difficulty or fails, the risk to other brands and the company itself is minimal
- Disadvantages of difficulty, complexity, and expense of developing separate marketing programs



- Brands should distinguish according to the different types of items or models
  - **Modifier:** Designate a specific item or model type or a particular version or configuration of the product
    - Function of modifiers is to show how one brand variation relates to others in the same brand family
    - Help make products more understandable and relevant to consumers



- Helps consumers understand what the product is and does
  - Helps define the relevant competition in consumers' minds
- In the case of a truly new product, introducing it with a familiar product name may facilitate basic familiarity and comprehension




# What is a Brand Prioritization Matrix?

**The brand prioritization matrix is a tool that helps to allocate resources by defining the portfolio role for each brand**

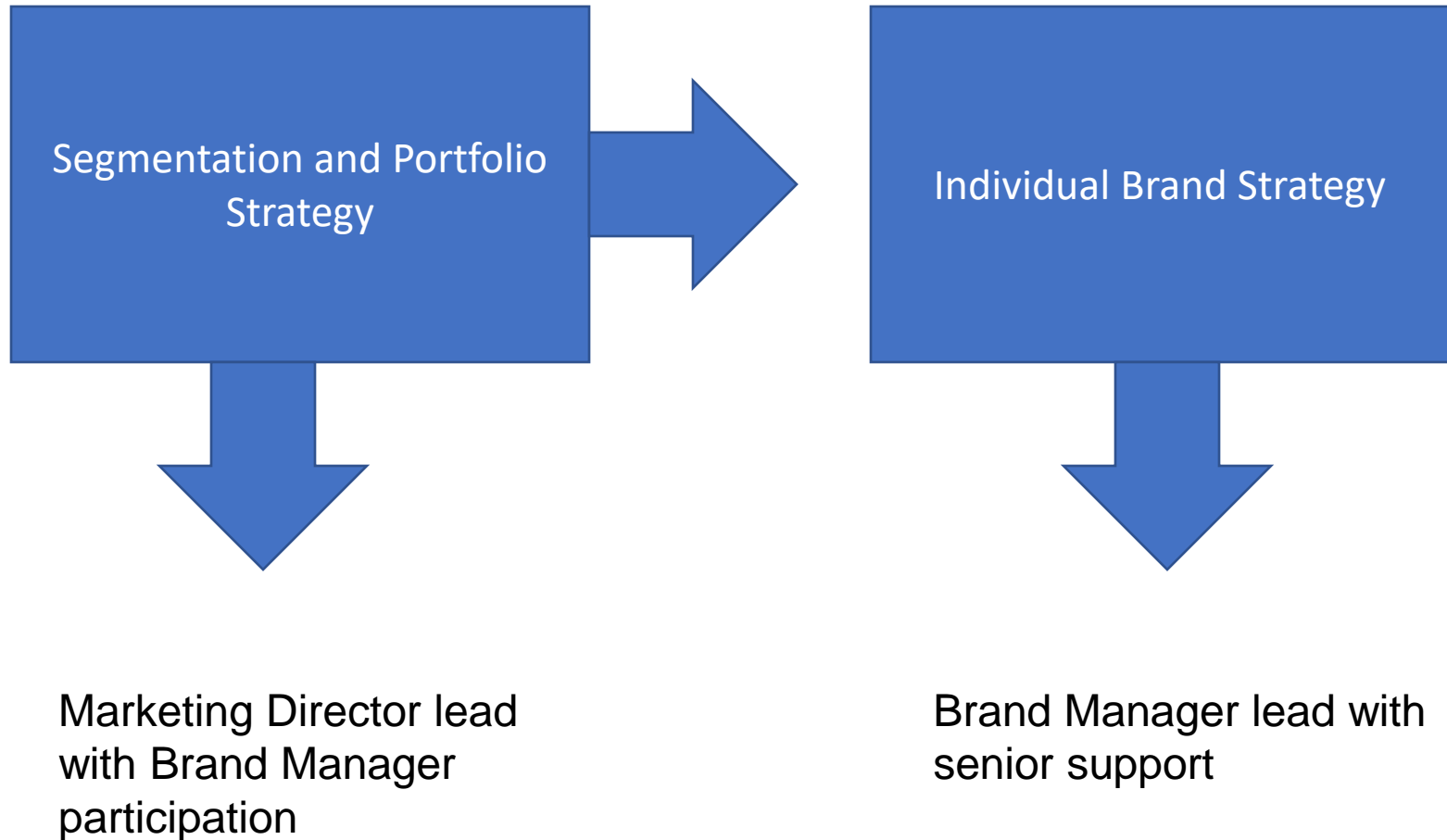
# Brand prioritization matrix is Built on Two Dimensions

Total gross brand contribution	High	<p>✓ Balance investment against volume – Maintenance brand</p> <p>These brands have low grows potential but have large volumes</p>	<p>✓ Over invest to generate growth – Drive brands</p> <p>These brands have growth potential and above average profit</p>
	Low	<p>✓ Manage resources – Manage out/shelf brand</p> <p>These brands have low growth potential and are very small</p>	<p>✓ Slowly invest for growth – Support brand</p> <p>These brands have growth potential, but are currently very small</p>
		Low	High
		Brand growth potential	



Read also about the matrix invented by Boston Consulting Group (BCG)

# The role of the Brand Manager



# What is Brand Positioning?

- Exactly what people think and feel about a brand, in relation to the defined landscape and their needs within it vs. the competition
- The more relevant and distinctive the Positioning is, the better
- Articulated in the brand opener to:
  - Align all activities to create this positioning
  - Focus brand investment in the most efficient way

# What is the Brand Opener?

- Concise articulation of who the brand is aimed at and why the Brand is relevant and distinctive
- Future orientated, providing a sense of direction



Source: Adopted from workshop carried out by Brand Learning

**BRAND IDEA**

What the brand should stand for in the hearts and minds of the target group

**PERSONALITY**

The human-like characteristics that define how the brand behaves

**BENEFITS**

**Points of Difference**

The key benefit that addresses the insight and differentiates this brand against others

**Points of Parity (segment)**

The key category benefits that the brand needs to deliver

**REASONS TO BELIEVE**

The proof we offer to substantiate the brand benefits

**CONSUMER INSIGHT**

The underlying needs or desires of the target group which the brand is able to address

**TARGET GROUP**

**Core Positioning Target**

The people who we want the brand to appeal to as their first choice

**Consumption Target**

The broader audience from which the brand will also draw volume

**NEEDSTATE**

The fundamental (emotional) need that the brand satisfies in the target Consumer

**COMPETITIVE LANDSCAPE**

Key current and potential competitors targeting the same consumers as our brand

**EXECUTIONAL EQUITIES**

All properties that are instantly recognizable as being part of the brand i.e. Packaging, sounds,/music , logo, etc



**BRAND IDEA**

Sheer driving pleasure

**PERSONALITY**

Successful; sophisticated; stylish

**BENEFITS**

**Points of Difference**

The key benefit that addresses  
Excitement and symbol of success from  
extraordinary driving performance

**Points of Parity (segment)**

Quality and reliability

**REASONS  
TO  
BELIEVE**

Responsive in-line 6 cylinder engine; dynamic traction & stability  
control, Optimal front-rear weight distribution, pricing=quality

**CONSUMER  
INSIGHT**

Driving a high performance car is a clear signal to others that  
the driver is on the road to success

**TARGET  
GROUP**

**Core Positioning Target**

Thirty something  
Successful

**Consumption Target**

30-45 consumers who are passionate  
about driving

**NEEDSTATE**

Conventional Modern Mainstream and Social Climber

**COMPETITIVE  
LANDSCAPE**

Mercedes Benz, Audi, Lexus, Toyota Prius, Lexus Hybrid

**EXECUTIONAL  
EQUITIES**

BMW logo, 'lungs' of grille of every car, consistent look of  
dealerships globally

Source: Adopted from workshop carried out by Brand Learning

**BRAND IDEA**

A mini adventure



**PERSONALITY**

Cheeky, Fun, Adventurous, Playful

**BENEFITS**

**Points of Difference**

A fun adventure every time you get in the car

**Points of Parity (segment)**

Quality and reliability

**REASONS TO BELIEVE**

Compact, iconic design, 60's heritage, Mini Owner's club, Individual designs, Price=Quality

**CONSUMER INSIGHT**

Cars these days are all vanilla, it's a bit dull, like wearing a uniform – cars should have a real identity, to set you free to make a statement

**TARGET GROUP**

**Core Positioning Target**

Modern 20-28 year olds who are looking for fun and adventure

**Consumption Target**

18-35 middle class

**NEEDSTATE**

Progressive modern mainstream, post-modern, socio-critical

**COMPETITIVE LANDSCAPE**

VW Golf and Beetle Toyota, Scooters

**EXECUTIONAL EQUITIES**

Ability to change design, tonality of all advertising

What makes good vs. Poor  
Brand Opener?



# Brand Opener Checklist

- On strategy – vision and role in Portfolio
- Precise and concise
- Evident – people don't need further explanation
- Not similar to others i.e. differentiated
- Energizing and inspiring
- Real – the brand can deliver



# Core Ingredient Checklist

- Is there are clear single-minded insight that underpins the brand?
- Does the point of difference addresses the insight?
- Is the point of difference underpinned by a clear reason(s) to believe?
- How you established legitimate and credible points of parity?
- Will the brand personality provide clear direction for communication?
- Is the Brand Idea unique and inspirational?
- Will the Brand idea act as a platform for all areas of the marketing mix



# References & Reading

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