

Managing brands

Lecture 7 – 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

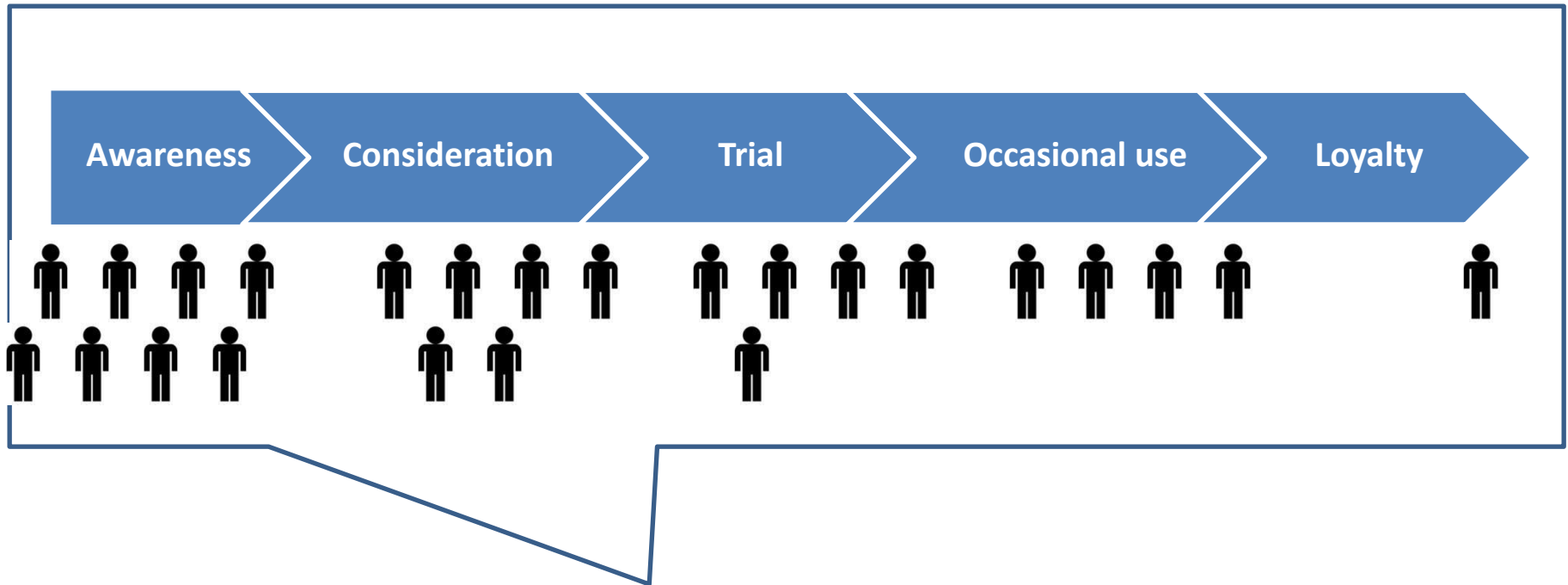
- Describe how a corporate brand is different from a product brand

Brand Prioritization Matrix

Brand Positioning/ Brand Opener

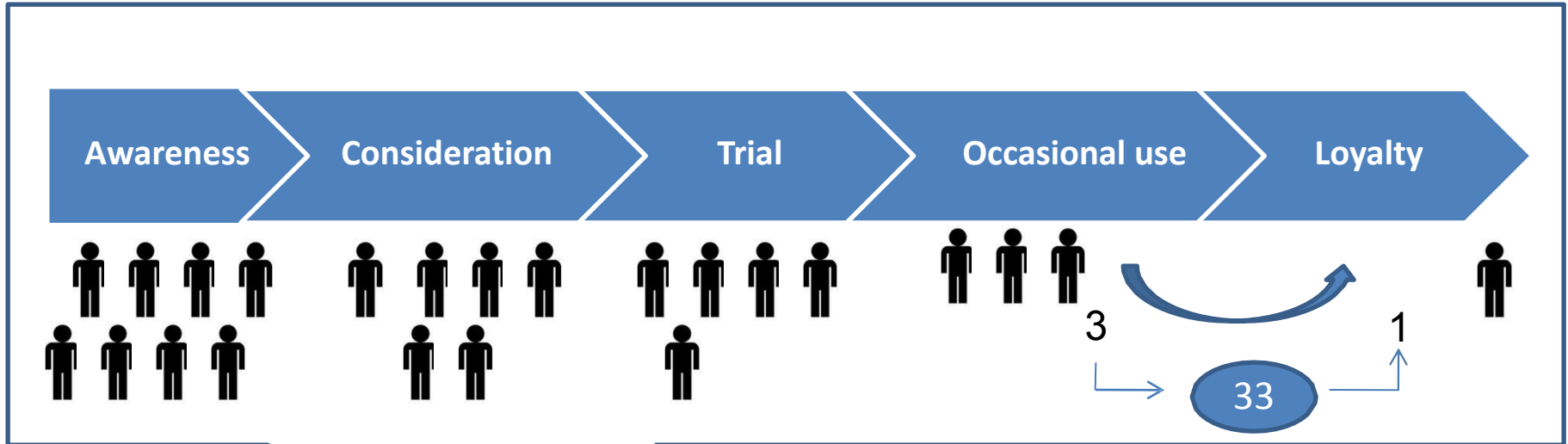
Consumer disposition funnel (CDF) analysis

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



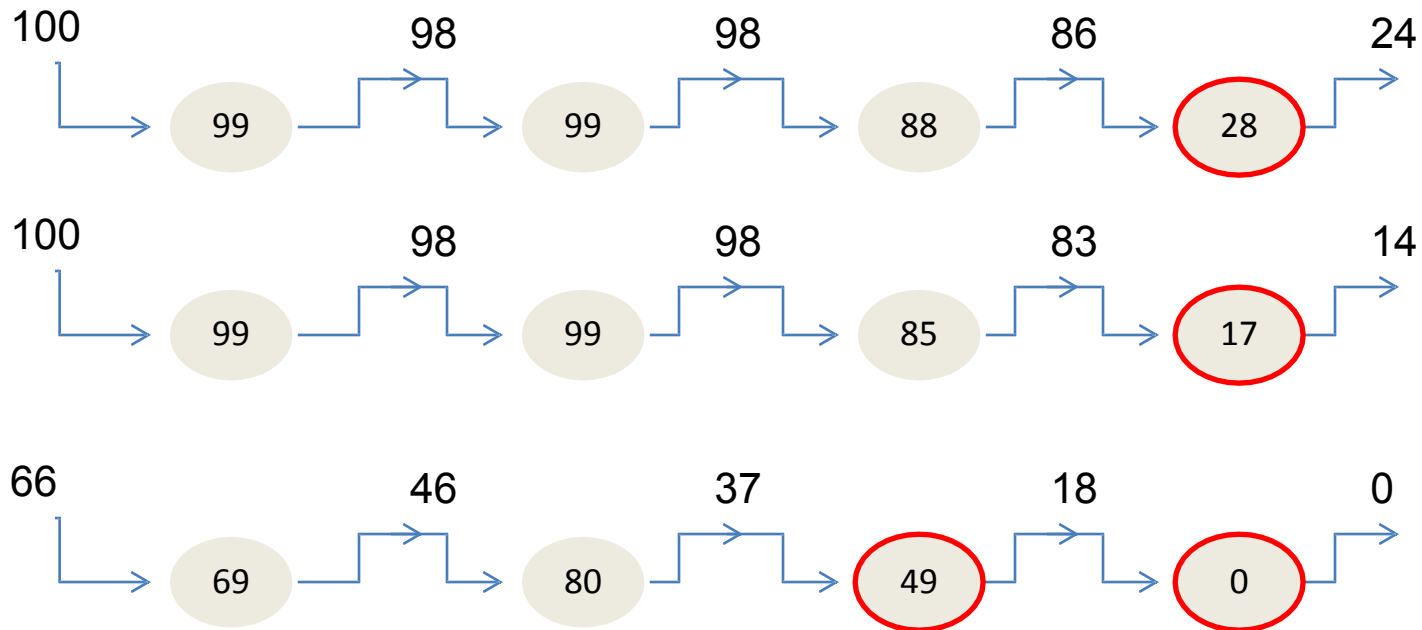
- All consumers fit into one stage of the funnel, depending on their relationship to your brand
- Sales are in direct correlation with the brands funnel performance
- Sales increase the further consumers move forward in the funnel

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

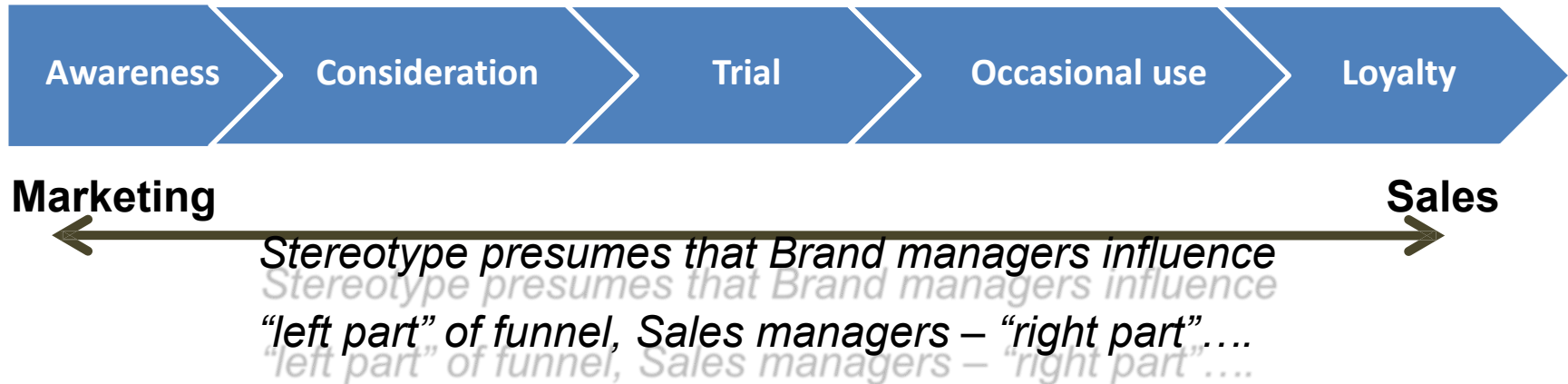


- A high conversion rate indicates a strong brand performance
- A low conversion rate between two funnel steps compared to
 - Conversion rates between other funnel steps and
 - Relevant competitive conversion ratesIndicates a brand bottle-neck - where we are losing most consumers
- The bottleneck should 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

 **Marketing & Sales**



ATL activities	Communication, media/ message	Comm, message with high purchase intent	High TOM awareness	High TOM awareness, ads close to purchase	
Brand positioning		Appealing positioning	Attractive pack	Good taste	Continuously satisfying brand experience
Pricing		Acceptable/ attractive perceived price	Affordable/ competitive shelf price	Affordable/ competitive shelf price	Acceptable shelf price
BTL activities			Active recruiting promos	Active retaining promo	Retaining/ bonding activities with users
Distribution/ visibility	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
Consistency	Overtime and across all touchpoints				
<i>Westminster International University in Tashkent</i>					

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 1st purchase?
- Do consumers like the brand promise but expect 'strange' taste (ex. For niche product), or do not believe that it 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

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 credibility to the brand



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

What are the outputs from a Portfolio

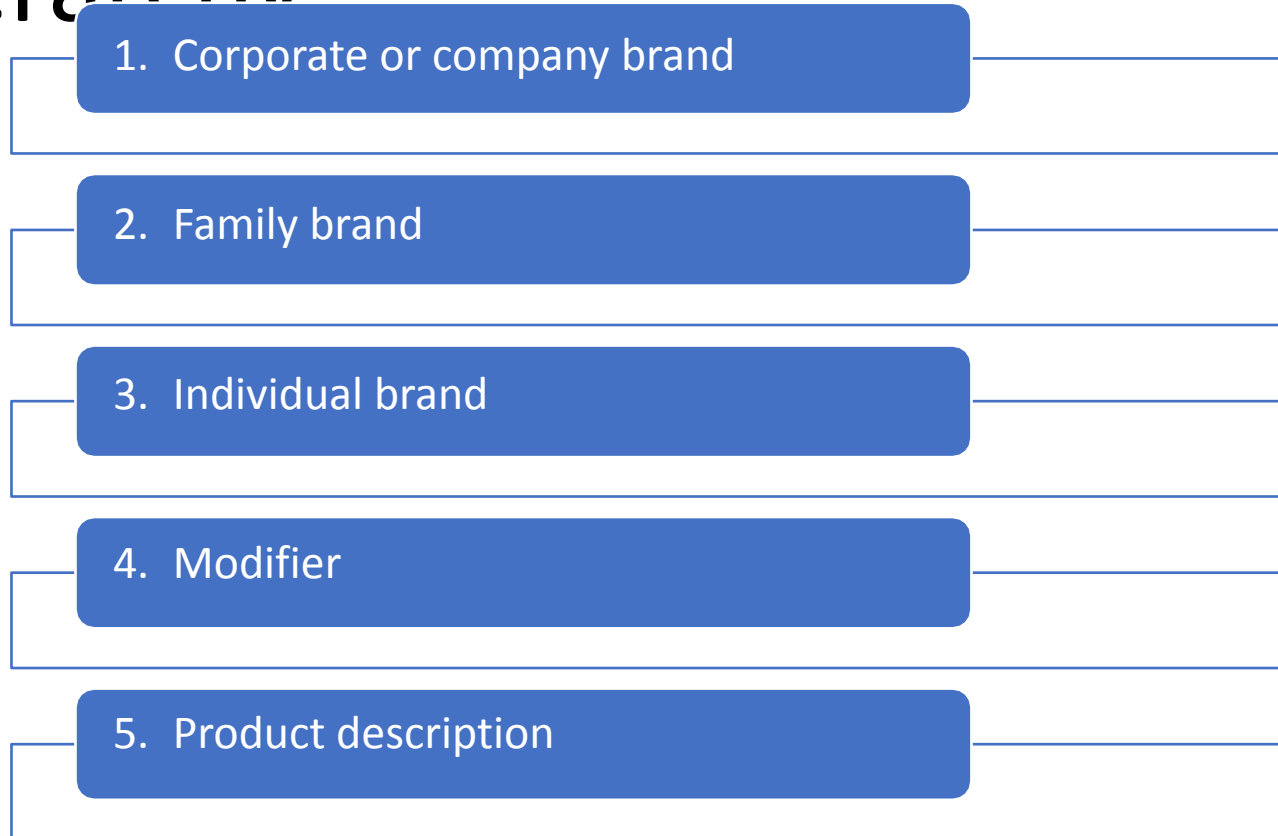
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1. Segmentation
2. Price positioning
3. Brand prioritization

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



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

- 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

- 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

- 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

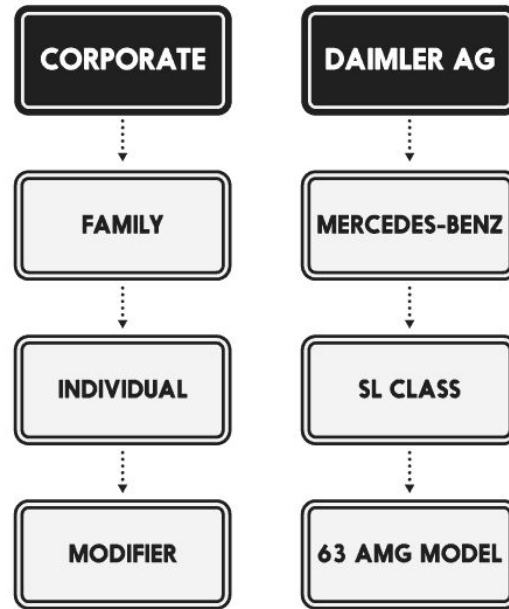
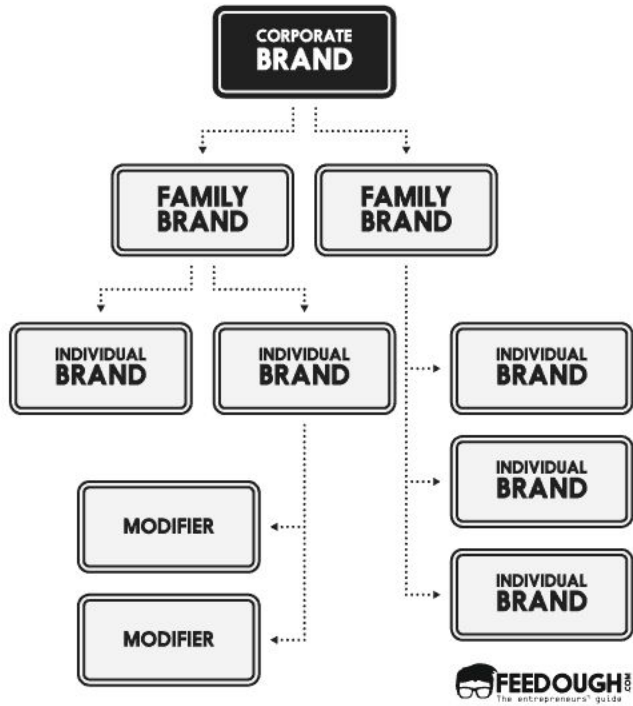


- Brands should distinguish according to the different types of items or models
 - **Modifier:** Designate a specific item or model type or a particular version or configuration of the product
 - Function of modifiers is to show how one brand variation relates to others in the same brand family
 - Help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

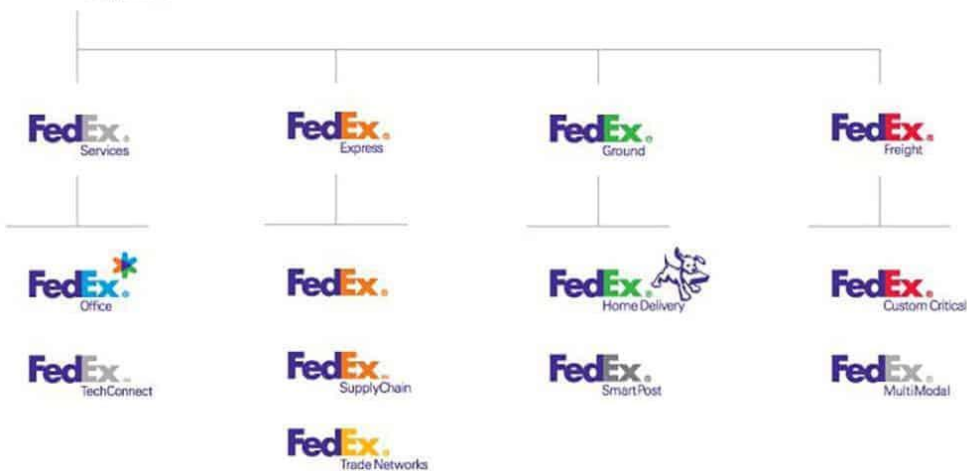


- Helps consumers understand what the product is and does
 - Helps define the relevant competition in consumers' minds
- In the case of a truly new product, introducing it with a familiar product name may facilitate basic familiarity and comprehension





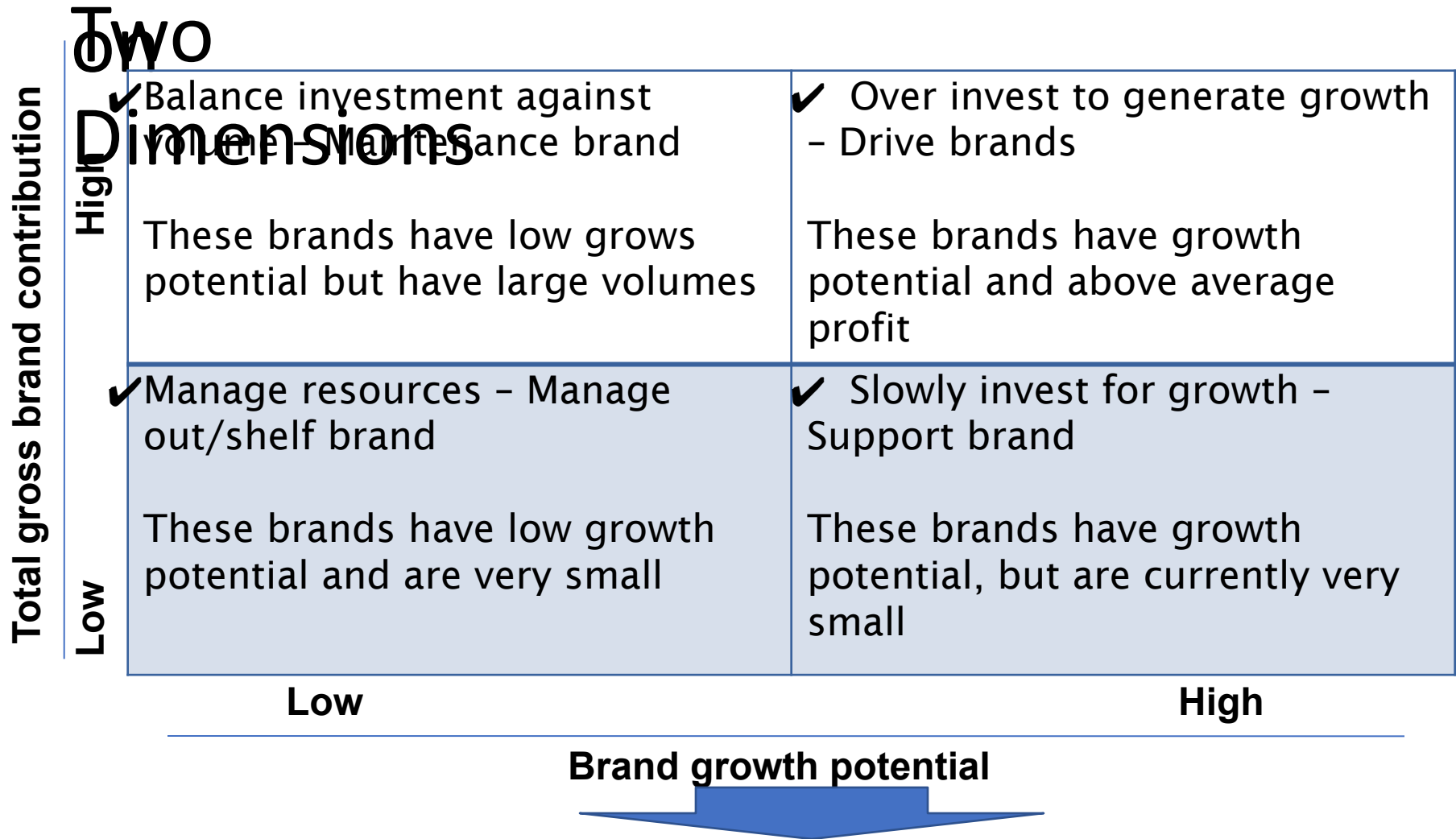
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Corporation



What is a Brand Prioritization Matrix?

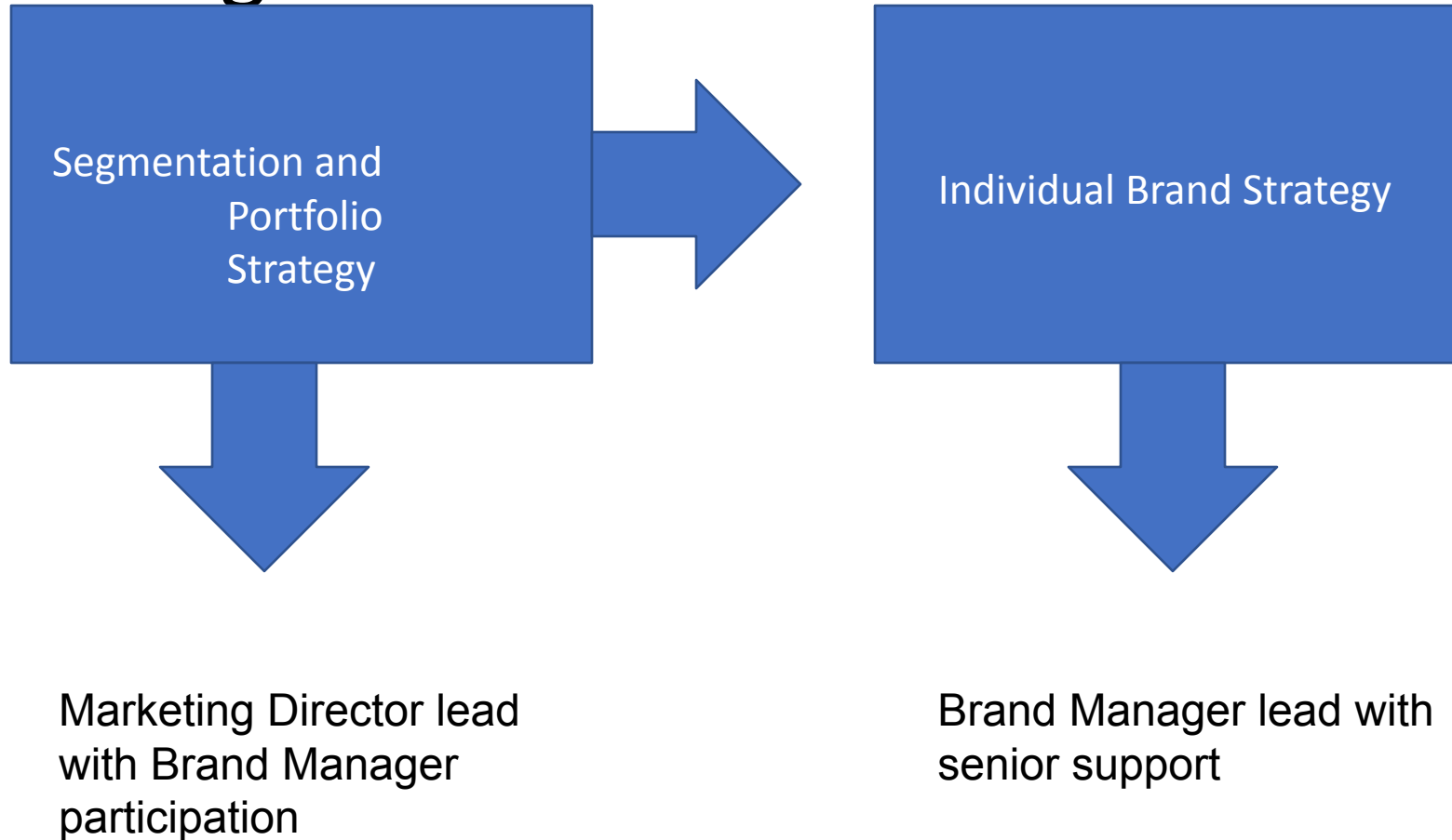
The brand prioritization matrix is a tool that helps to allocate resources by defining the portfolio role for each brand

Brand prioritization matrix is Built



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

this brand against others

Points of Difference

The key benefit that addresses the insight and differentiates

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

which the brand is able to address

The underlying needs or desires of the target group

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 a 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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