

brandinstinct*

SYSTEM BIAS	BEST FOR	EXAMPLES
Corporate Dominant <i>Most offers are from parent brands</i>	<ul style="list-style-type: none"> • Few product categories • Wide target audience 	Nike Schlumberger
Product Dominant <i>Most offers are from separate brands</i>	<ul style="list-style-type: none"> • Many product categories • Risky product launches • Avoiding cannibalisation • Culture-specific products 	Proctor & Gamble Unilever
Hybrid <i>Balanced between parent & super brands</i>	<ul style="list-style-type: none"> • Broad range of products and customers • Service and product mix • Multi-industry brands that have a mix of B2B & B2C 	3M (Post-it Notes) J&J (Jansen)

Staying trim in times of plenty

As sure as day follows night, when marketing budgets are ample, the number of brands in a portfolio will swell. Marketers just cannot seem to help themselves: when given larger budgets, they will create new brands.

Likewise, the recent trimming of budgets has precipitated a culling of sub-brands as we aim to get more mileage out of fewer brands. In the end, this culling is usually a good thing. Now that marketing budgets are once again on the rise, CEOs and marketing directors must regulate the proliferation of brands in order to encourage effective resource management.

One effective method of control is requiring approvals for the development of every new sub-brand at a senior level. Another means is to integrate strict ROI accountability for creating new sub-brands, however, this route is only recommended for those companies with sophisticated

brand-programs already in place. No matter which brand you choose, developing simple guidelines for branding new offers is an essential step to better brand portfolio management. This is especially true for companies that have decentralised management, since they are most likely to have problems with brand proliferation. The most common, and most misguided, reason we hear for justifying the development of a new sub-brand is for generating a level of excitement or interest in a new offer. Once the initial promotion is complete, the necessary resources for maintaining awareness on the new brand are rarely ever justified.

The best reason for creating a new brand is to accelerate take-up of a product by promoting specific rational and emotional attributes to the target group that the parent brand cannot emulate with the same success.

This is especially true in creating

new markets for new products as exemplified when mobile telephone products were introduced or when internet banking was developed.

Lastly, a good reason to create a new brand is to limit the degree of risk when launching a new offer to the market. If it is possible that the launch of the product may harm the image of the parent brand, it may be wise to distance the offer by creating a new and/or separate brand. While more expensive in the short term, if the offer is a success, the brand can be folded back into the parent at a later date.

The chart above illustrates three main brand portfolio models. The vast majority of companies should adopt the 'Corporate Dominant' bias for their brand portfolio.

While there are other models and other reasons for creating sub-brands, they are rare and should be treated with a high degree of scrutiny. *

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Comments?
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