

Are You Getting the Most From Your Brand Portfolio?*

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There's more to brand strategy than creating and managing a strong brand, especially since virtually all businesses have multiple brands in their portfolios.

Too many businesses, however, have neither the underlying strategy nor management processes in place to allow their brand portfolios to reach their full potential as an important driver of business performance. Here are five of the most common brand portfolio management challenges and solutions.

Issue: You are overspending on brands that will not drive business results — including mature or struggling brands, and/or lacking a management approach to identify and correct resource misallocations.

Solution: Brand-building resources are often dictated by autonomous business units, which use profits from mature brands to protect their business, often to the funding detriment of potential stars, with comparatively low sales. As Proctor & Gamble found, this can be solved by establishing an entity with an organization-wide perspective, responsible for identifying the key brand platforms to support future business strategy. This entity also analyzes resource allocation issues — again, with a firm-wide view.

Issue: Too many brands and offerings diffuse brand-building resources.

Solution: Resources often are spread too thin to successfully build and manage all of a company's brands. Each brand in the portfolio should be evaluated by the sales it can support, the differentiation it offers, and its strategic role in the business. This should help identify which brands should be eliminated, receive limited brand-building support, or be nurtured so they may achieve their full potential.

Issue: Your brands' increasingly lack differentiation in a maturing marketplace.

Solution: To offset the margin erosion this situation creates, one portfolio solution is to create a "branded differentiator." This is a branded feature, service, program, or ingredient that's meaningful to customers and will set the offering apart from competitors. Westin Hotel's "The Heavenly Bed," has led to a wealth of similarly differentiated offerings and heavenly business performance.

Issue: Some of your key brands are bland and tired.

Solution: One portfolio solution is to create a branded "energizer" — finding an actively managed product, symbol, or endorser that, by association, significantly enhances and energizes a target brand over time. Think of H.J. Heinz' EZ squirt catsup with colors like Funky Purple and Blastin' Green. What if your products are inherently boring and lack anything to qualify as an energizer? Then, seek out a brand with energy and attach it to the parent brand, like the Ronald McDonald House.

Issue: Your offering is so confusing customers can't figure out whether it meets their needs.

Solution: A portfolio goal should be to reduce confusion and enhance product-offering clarity, which can be achieved partly by reducing the number of brands. For example, Safeway's portfolio reduction from 24 brands to 4 (Safeway Select, "S," Mrs. Wright's and Lucerne) clarified the meaning and roles of each.

Creating an effective and powerful brand is only one goal in portfolio management. More important is looking at what supports the success of all the brands. To that end, the objectives of the brand portfolio are to foster synergy, leverage brand assets, create and maintain market relevance, build and support differentiated and energized brands, and achieve clarity and focus. Brand portfolio strategies designed to meet these objectives will lead to competitive advantage and bottom- and top-line growth.

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