Brand management
(IEBM II module)

Section 2: Strategic Brand Management

Presentation 5: Brand porfolio optimization

In this presentation we will discuss…

- Brand portfolio optimization
- Brand-Product Matrix
- Brand roles in the portfolio
- Brand Hierarchy
- Brand Architecture

Brand portfolio optimization

▶ In case a company owns more than one brand, brand portfolio optimization aims to:

  ▶ maximize market coverage and minimize brand overlaps

    • responding to different segments

    • responding to similar segments differently

    • managing the risk of cannibalization between brands of the same company

  ▶ maximize the overall brand equity

    • (generally) any brand in the portfolio has not to decrease the equity of the other

    • ideally, the combination and co-presence of the brand in the portfolio maximize the company's overall brand equity

Brand-Product Matrix

Source: Keller, 2013

▶ A tool to analyse and design brand management strategies

    ▶ By row: the **brand line** represents the set of products (in the same or other categories) sold under a specific brand

    ▶ By column: the **brand portfolio** represents the set of brands and brand lines that a particular firm offers for sale to buyers in a particular category

Brand roles in the portfolio

▶ **Flagship brand:** this brand represents the company to consumers (the most recognizable and with higher equity in the portfolio)

▶ **Flanker:** this brand creates POPs (competitive POPs) to contrast competitors and support the advantage of the company's flagship brand

▶ **Cash cows**: profitable and high sales brand, despite no or limited marketing activities for it

▶ **Low-end/high-end** (price/quality): brand extremes, the low-end attracting customers "to the store" and the high-end giving credibility and prestige

Brand hierarchy

▶ A tool to summarise the branding strategy of a company by looking at the brand elements (i.e., logos, slogans, colours…) and their combinations. Brand elements can be either distinctive or in common across the owned products

▶ To analyse the brand hierarchy, the existence of different brand levels needs to be considered:

▶ Company or corporate brand

▶ Family brand (i.e., a brand used for more than one product category but it does not coincide with the company or corporate brand)

▶ Individual brand

▶ Modifier (distinguishing the specific model)

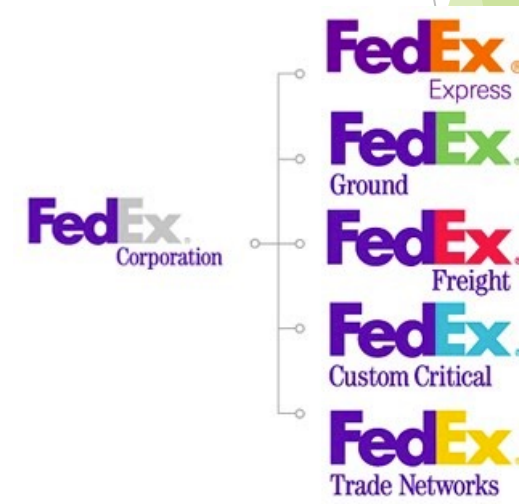▶ Product descriptor (additional, not properly brand element but it helps the positioning)
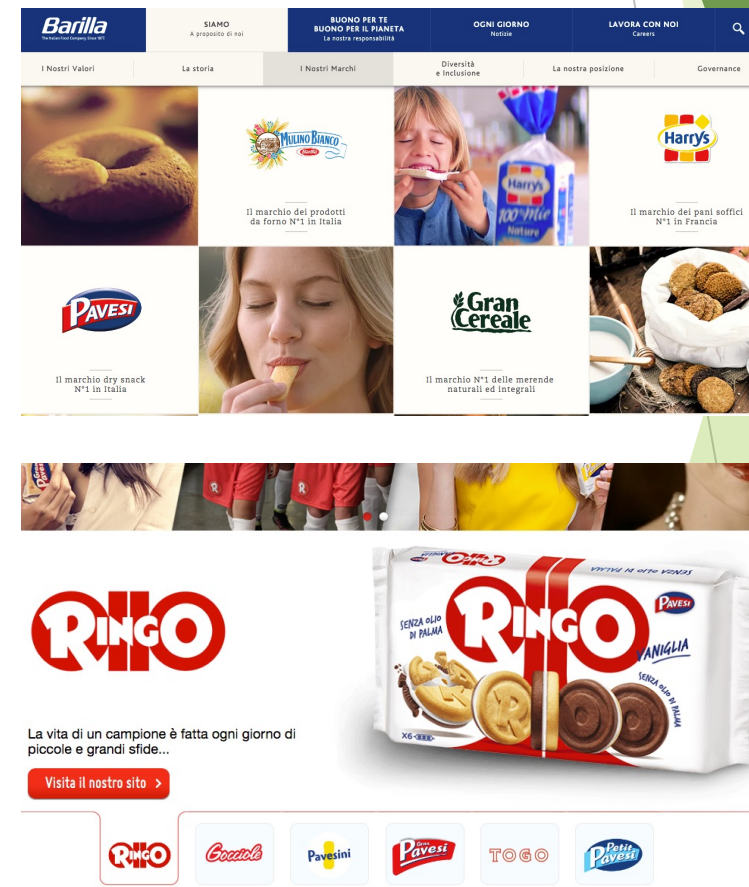
- Barilla (corporate brand)
- Pavesi (family brand)
- Ringo (individual brand)
- Ringo Vanilla (Vanilla is a product descriptor)

Brand architecture

- Brand architecture is the design of strategic relationships of *closeness or distance* between the brands in the portfolio

- Two brand architecture extremes are the following (any strategy between the two extremes is possible):

  - **House of brands:** an independent set of stand-alone brands, each maximizing the impact on a market. This strategy renounces to economies of scale in marketing and synergies across multiple businesses. A very costly strategy overall.

  - **Branded house:** Use of a single master brand to span a set of offerings that operate with only descriptive sub-brands. The master brand becomes a dominant driver. There is a risk of dilution and loosing appeal as spanning several different markets. This strategy can limit the opportunity to serve specific groups. However, this strategy maximizes synergies and can reduce marketing costs.

House of brands

Branded house