

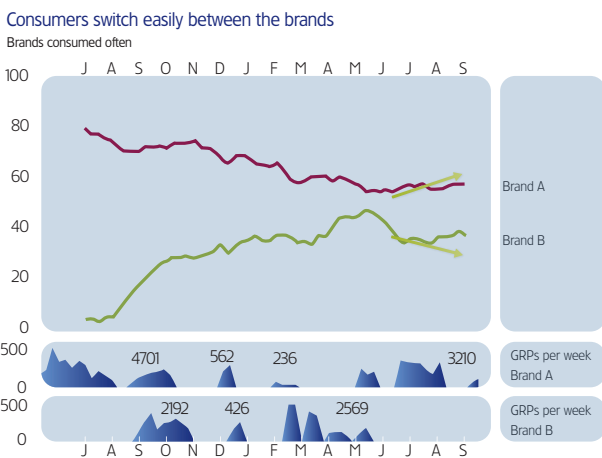
# How best to manage multiple brands?

Many companies own multiple brands, and while this has undoubted advantages, there are pitfalls to be avoided. Differentiation and clear targeting are essential, as well as an understanding of which brands are most likely to benefit from investment.

It is increasingly usual for companies to own more than one brand in a category. This offers the potential advantages of spreading risk, greater market share, and commensurate profit levels; but managing these brands carefully is essential.

## Cannibalization

The nightmare situation of multiple brand ownership is cannibalization. In the following example the client owned two brands in the ice cream market. Brand A was a well-established mainstream brand, while Brand B was an inspirational brand. Advertising for Brand B led to a growth in consumption of Brand B, but at the expense of Brand A. When the support switched back to Brand A, the decline in usage was reversed, but at the expense of Brand B.



## Too many brands

Another problem can occur when there are too many brands

in the portfolio. As a result of a merger, one major U.S. retailer found itself with a brand portfolio of six retail brands, which made no economic sense and required massive marketing investment to support all six. Following a full brand positioning and architecture assessment for all the brands among consumers, a brand architecture solution was found, which focused on three brands with a differentiated positioning for each. Despite the retention of three brands, significant operational synergies were realized including a reduction of marketing spend by 20 percent, and common sourcing of products and materials for the different retail brands, resulting in increased profitability.

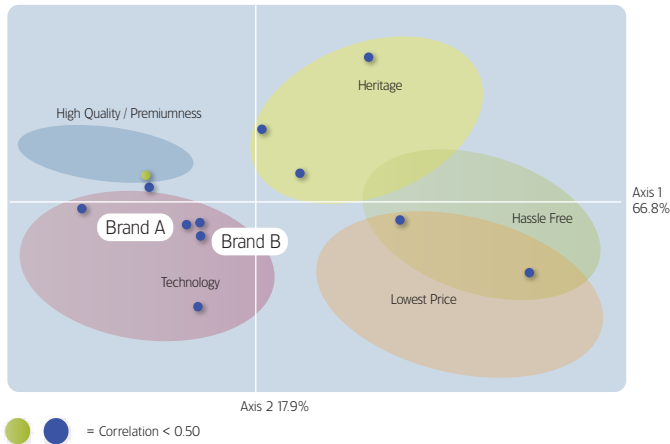
## Differentiation

The key to successfully managing a number of brands in a portfolio is the same as the key to managing any brand — differentiation. This can be differentiation at a rational level; a premium and a low-cost brand, for example.

Even when the brands are functionally similar, there is still an opportunity to differentiate. Brand A, a leading consumer electronics retail supplier in Canada with 20 percent market share, acquired Brand B, a relatively new entry to the Canadian market. The brands, despite having the same rational offering, were comfortably coexisting in the same territory and together generated a total market share of 30 percent (20 percent retained by brand A, 10 percent growth achieved by Brand B).

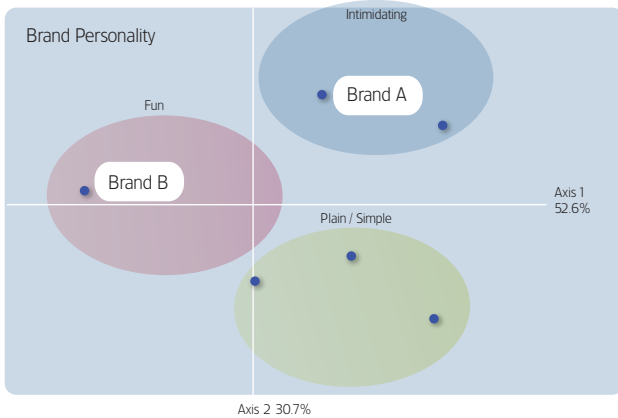
Looking at the key functional attributes within the category, Brand A and B occupy identical positions:

Identical functional performance of Brand A and Brand B



However, exploring the personality of the brands reveals very different positions. While Brand B had a fun positioning, Brand A was seen as complicated and rather intimidating. The two brands were attracting different audiences. This analysis also helped direct future activity. Although Brand B's position was strong, Brand A needed to overcome the sense of intimidation associated with it, while capitalizing on perceptions of overcomplexity to generate a sense of expertise.

Personality mapping highlights how the brands clearly differentiate on personality dimensions

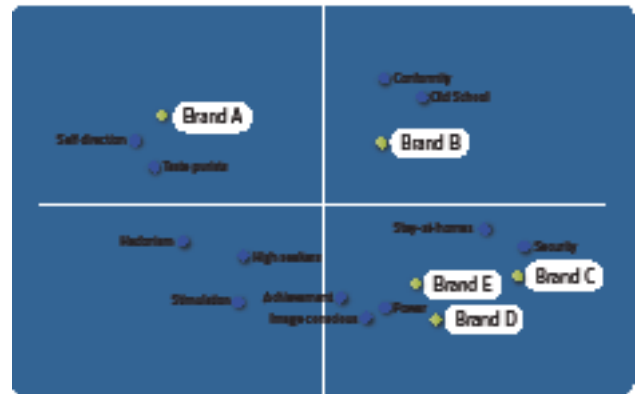


### Targeting

The idea of differentiated positionings is inextricably linked to the idea of targeting and segmentation. In the above example, the key brands had different positionings, and so attracted different audiences. While basic demographic segmentations can be revealing, it is often more subtle attitudinal segmentations that reveal the underlying differences. In this

example from an alcohol market, a cluster analysis based on a combination of category attitudes and lifestyle reveals that, while brands A and E are similar, they appeal to different audiences due to their different positionings. Therefore, the risk of cannibalization is minimal.

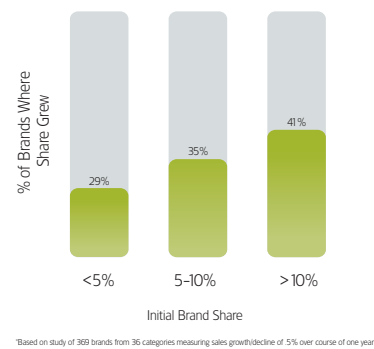
Differentiated targets



### Which to support?

There is also the question of which brands to support. How do you assess which brands in the portfolio will give best return on investment? Size matters. Established brands with more than 10 percent market share are better positioned to gain market share than small brands. In addition to operational advantages, large brands drive market share growth through strong brand equity built over years. The likelihood of increasing market share is much greater among large brands with high brand equity.

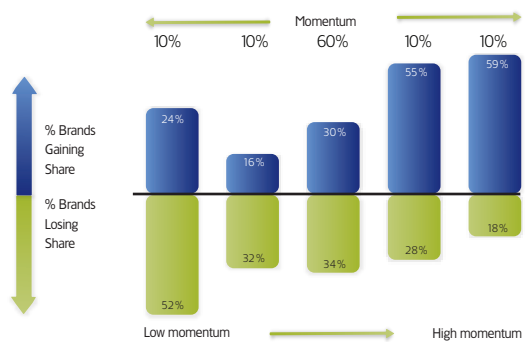
Big brands are better positioned to grow share



Funding each brand according to its size or current profitability may fail to capitalize on brands with potential. There are many factors that play a part in such decisions, includ-

ing whether the category is in growth or decline, changing social trends, and demographic changes. The importance of particular brands to the company is also a factor which cannot be underestimated. Linchpin brands, large dominant brands, brands with future potential, and those able to indirectly affect sales may all require support. However, brands with strong momentum are more likely to provide future profits, and equity analysis of your brands should be factored in when assessing which of your brands are worth investing in.

Brands with high momentum are more likely to grow year on year



Additional factors which need to be taken into account include forthcoming innovations, competitor threats, likely pricing levels, and the quality of upcoming marketing activity — see our Knowledge Point “Can copy testing accurately predict advertising effectiveness?”.

*Knowledge Points are drawn from the Millward Brown Knowledge Bank, consisting of our databases of 80,000 brand reports and 40,000 ads, as well as 1,000 case studies, 700 conference papers and magazine articles, and 250 Learnings documents.*

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