



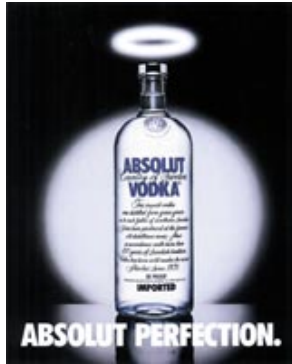
## Managing B2B Brand Portfolios

Parent Brands, Product Brands and Acquired Brands

*April 2012*

## A brand is not just...

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**An Ad**



**A Logo**



**A Jingle**



**A Symbol**



**A Spokesperson**



**A Product**



**A Slogan**



**A Name**

## A brand is...

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- › A promise
- › A company's most strategic asset
- › The reflection of a customer's entire experience with a company
- › Built and protected by entire organization, not just the marketing department



## Powerful brands create significant economic value

- 1% increase in customer satisfaction leads to a 3% increase in **market cap**
- 2% increase in customer loyalty leads to a 10% **cost reduction**
- 5% increase in customer retention increases customer **lifetime value** by 25%
- 5% increase in customer loyalty can result in up to a 95% increase in **profitability**
- 50% of customers will **pay 20–25% more** for brands they are loyal to

Sources: Brandkey, Bain and Mainspring, Marketing News

Rank	Previous Rank	Brand	Region/Country	Sector	Brand Value (\$m)
1	1		United States	Beverages	71,861
2	2		United States	Business Services	69,905
3	3		United States	Computer Software	59,087
4	4		United States	Internet Services	55,317
5	5		United States	Diversified	42,808
6	6		United States	Restaurants	35,593
7	7		United States	Electronics	35,217
8	17		United States	Electronics	33,492
9	9		United States	Media	29,018
10	10		United States	Electronics	28,479

Source: Interbrand, Brand Values 2011

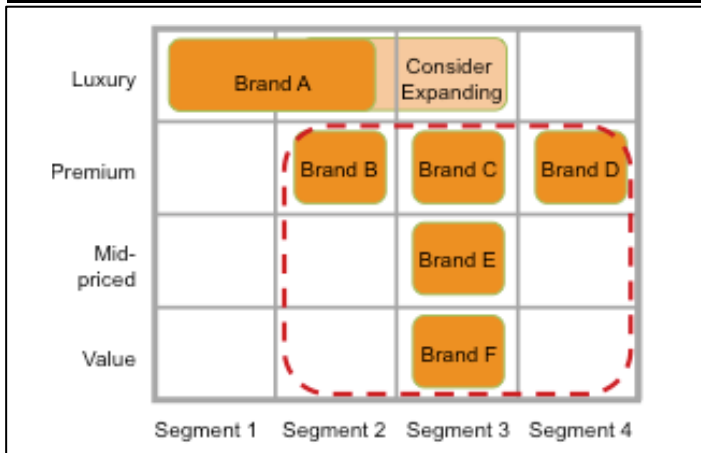
## Some of your questions...

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- Are there circumstances or conditions where brands can detract from one another (i.e., unintentionally compete against each other or dilute their impact in the marketplace)?
- Is there a danger that we could be over-reaching with our brand/logo? What should be we be asking ourselves so this does not occur?
- When does it make sense to create a product brand logo -- and how can this be integrated with a corporate brand?
- What are the attributes of a brand in each phase of its life? What are their outward measures?
- What about the approach of reducing from 30 brands down to 2? Isn't there a role for differentiated brands that are recognized in their industry?
- Are there examples of brand guidelines and how best to ensure they are followed worldwide (short of policing every single item)?
- In some cases, I wonder what the impact of corporate brand endorsement is (to the BU brand)? How can I ensure corporate brand linkage strengthens the product brand?

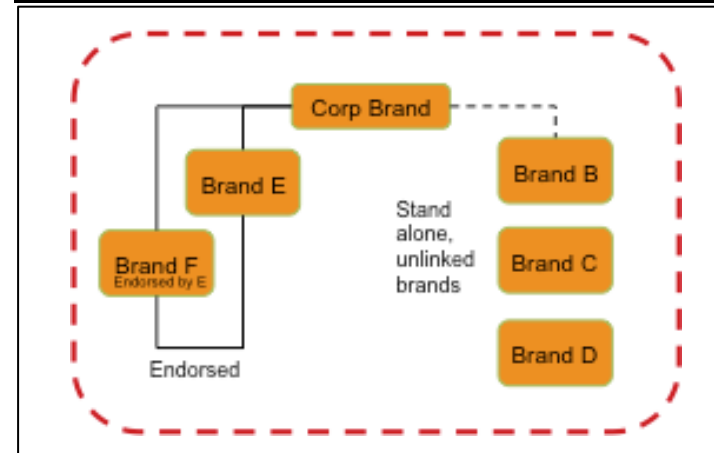
# Brand Portfolio Strategy vs. Brand Architecture

## Portfolio Strategy



- An articulation of how a company should **define its portfolio** to drive profitability
- Specifies the optimal **number**, **scope**, and **role** for every brand in the portfolio

## Architecture



- A depiction of the optimal **relationship** between any two brands within the portfolio
- Dictates both **whether** and **how** brands should be related to each other

## Five Indicators You May Have a **Brand Portfolio** Problem...or Opportunity

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- 1** Revenue is growing slowly
- 2** Products increasingly seen as commoditized
- 3** Poor cross-sell or up-sell between brands
- 4** M&A activity has resulted in a bloated portfolio
- 5** Brands' funding/support misaligned with profitability/potential

### Objective

#### BRAND BANK

##### PROTECT



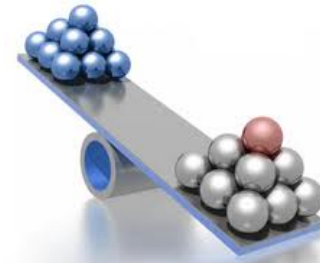
- Cannibalization
- Trade-down
- Dilution

##### BUILD



- + Differentiate
- + Energize
- + Invest

##### LEVERAGE



- + Extend
- + Endorse
- + Increase Price



# Brand Portfolio Organizing Frameworks

## Attitudinal & Behavioral

(Most Powerful)

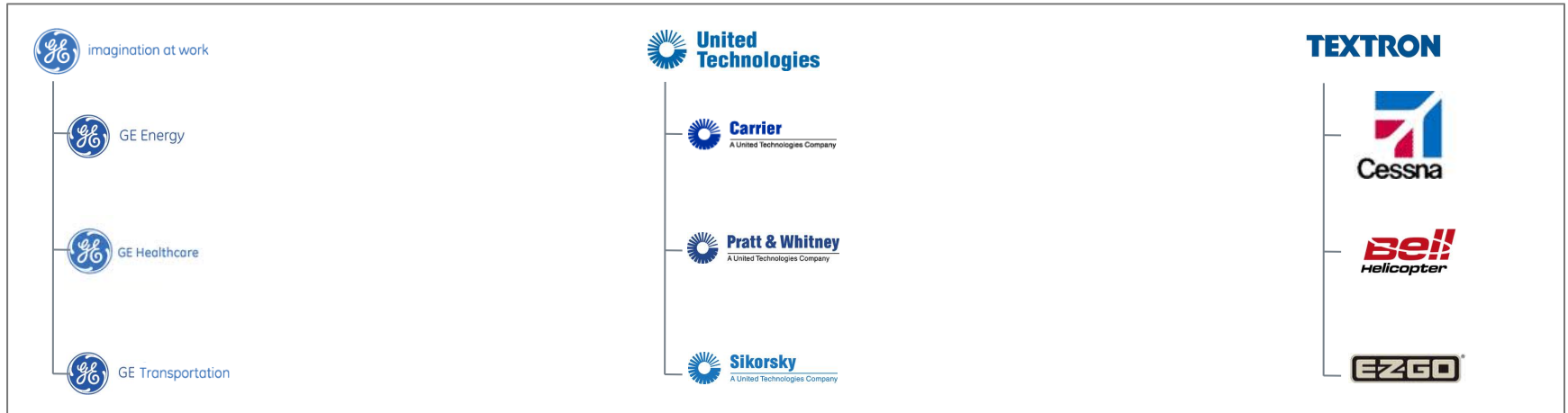
## Demographic/Firmographic

(Most Common)

Customer Segment	Need/ Benefit	Price Tier	Industry/ Category	Channel/ Distribution
Loyal Enthusiasts	Speed	Good	Financial Services	Direct
Bargain Hunters	Convenience	Better	Consumer Products	Retail
Knowledge Seekers	Simplicity	Best	Medical & Healthcare	Online
Thoughtful Planners	Performance	Luxury	Federal Government	Wholesale
One-stop Shoppers	Productivity	Value	Industrial & Manufacturing	Distributor

# Brand Portfolio Spectrum

## Branded House



## House of Brands

Few	←----- Customer Segments -----→	Many
Homogenous	←----- Business Make-up -----→	Heterogeneous
Low	←----- Investment in Branding -----→	High
Simplistic	←----- Brand Mgmt. Capability -----→	Sophisticated
High	←----- Corporate Relevance -----→	Low

# Brand Portfolio Strategy Guiding Principles

## Brand Portfolio Strategy Guiding Principles

- 1 **Build & Leverage a Strong Corporate Brand**
- 2 **Define Strategic Objectives for Brands**
- 3 **Employ Simple & Clear Brand Architecture**
- 4 **Build Relevance Across Value Tiers**
- 5 **Maximize the Extendibility of Brands**

## Examples:



## Guiding Principle 1 — Build & Leverage a Strong Corporate Brand

### Defined

- ☐ Strategic financial asset
- ☐ Primary point of reference
- ☐ Relevant across multiple stakeholders
- ☐ Leveraged across portfolio

### Demonstrated



***Leverages corporate brand across company***



10 businesses in 100+ countries are under the GE corporate master brand

## Guiding Principle 2 — Define Strategic Objectives for Brands

### Defined

- ☐ Clearly-defined strategic roles
- ☐ Financial objectives/metrics
- ☐ Clear brand positioning
- ☐ Aligned with customer segment(s)

### Demonstrated



***Brands positioned for unique customer needs***

**Mobility**



**Entertainment**



**Security**



Intel holds 82% of PC processor market; 80% of new PCs have Intel Inside

## Guiding Principle 3 — Employ a Simple and Clear Brand Architecture

### Defined

- ❑ Relatively flat brand hierarchy
- ❑ Easy navigation
- ❑ Consistent nomenclature, identity, etc.
- ❑ Guidelines to “maintain” architecture

### Demonstrated



*Clear, intuitive brand and naming hierarchy*

↑ XPS 15 & 17

XPS 14z & 15z

↓ XPS 13



Alphanumeric product names that correspond with performance level and screen size

## Guiding Principle 4 — Build Relevancy Across Value Tiers

### Defined

- ❑ Maximized customer reach
- ❑ Distinct brands for value tiers
- ❑ Premium brands avoid dilution
- ❑ Value brands avoid cannibalization

### Demonstrated



#### *Relevant brands for value tier segments*

▲ Premium



▼ Value

Aligned spending with value tier orientation – virtually eliminating spending in value tier

## Guiding Principle 5 — Maximize Extendibility of Brands

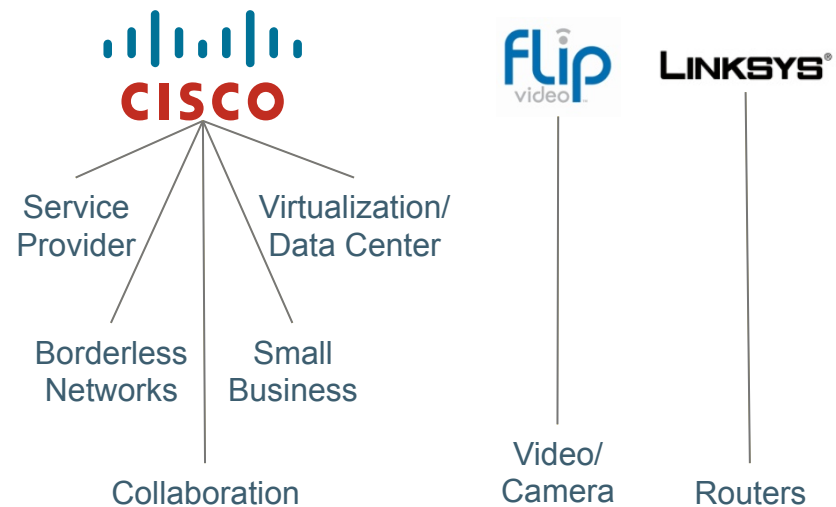
### Defined

- ❑ Portfolio of fewer, stronger brands
- ❑ Brands leveraged across dimensions
- ❑ Brands extended within “bounds”
- ❑ Allows for future growth platforms

### Demonstrated



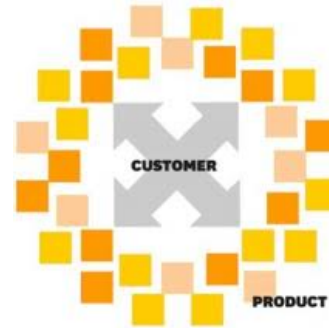
*Brands leveraged appropriately across offers*





**1**

**Lead with the customer**



**2**

**Be objective and bold;  
Make the “tough calls”**



**3**

**Execute with precision**



## Five Indicators You May Have a **Brand Architecture** Problem...or Opportunity

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**1**

Brands are cluttered and confusing to both customers and employees

**2**

There is no internal system for managing how new brands are developed

**3**

Not getting enough leverage from key brands such as the corporate brand







**4**

Brand architecture is not aligned with business strategy









**5**

No plan for integrating recently acquired brands into existing architecture

## Brand Relationship (Architecture) Considerations

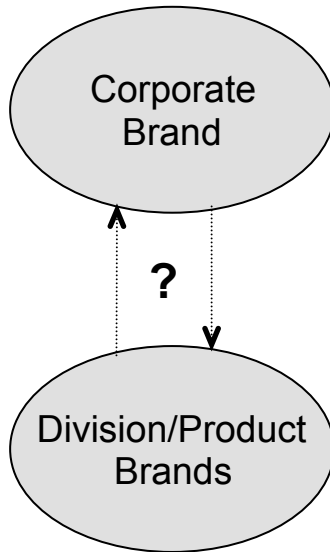
 <b>Business</b>	 <b>Brand</b>	 <b>Key Stakeholders</b>
<ul style="list-style-type: none"><li>• Fit with Strategy</li><li>• Flexibility (Adapt to Change)</li><li>• Implementation</li></ul>	<ul style="list-style-type: none"><li>• Brand Equity</li><li>• Brand Synergies</li><li>• Brand Management</li></ul>	<ul style="list-style-type: none"><li>• Customer Clarity</li><li>• Employee Understanding</li><li>• Other Stakeholders</li></ul>
 <b>Drive Positive Business Results</b>	 <b>Build/Maintain Brand Equity</b>	 <b>Make Sense to Key Stakeholders</b>

## A Common B2B Brand Hierarchy

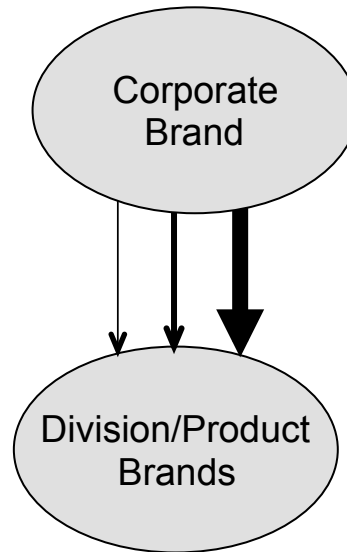
<b>Corporate Level</b>	The name of the company; often but not always the legal entity	 
<b>Business Unit Level</b>	The name of a BU/subsidiary. May or may not be a derivative of corporate brand	  (Johnson & Johnson)
<b>Group/Solution Level</b>	The name of a group of product lines that share a common benefit or solution	 
<b>Product Level</b>	The lowest level in the hierarchy – may not warrant “branding” (i.e., name only)	 

# Brand Equity Flow Considerations

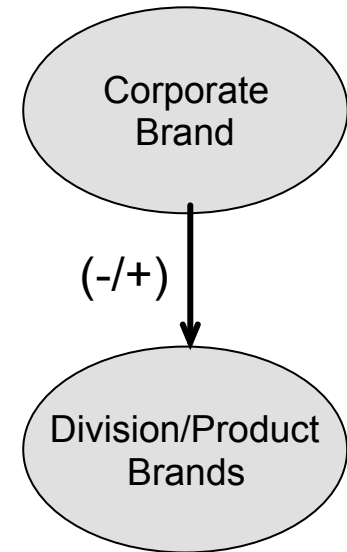
## Direction



## Intensity

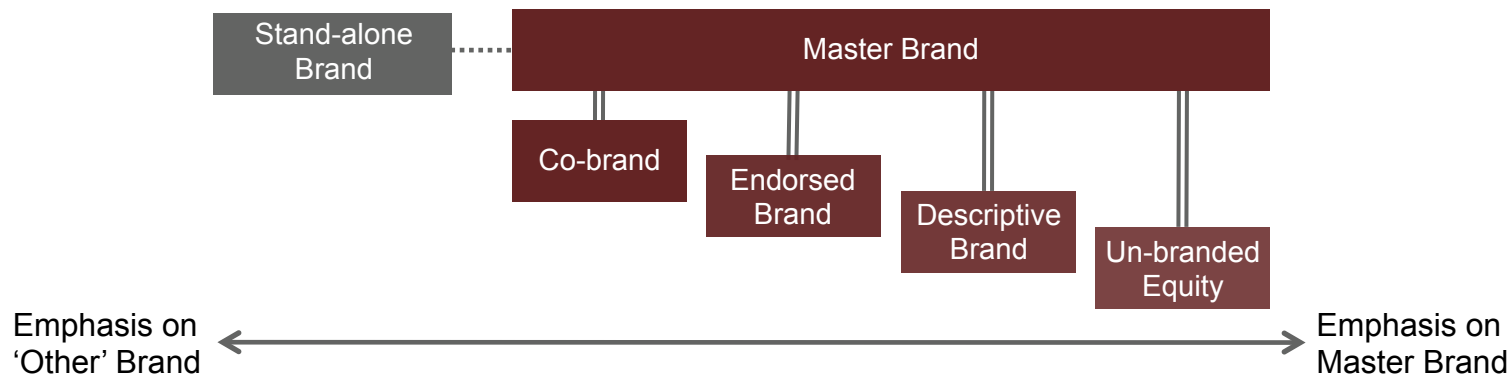


## Polarity

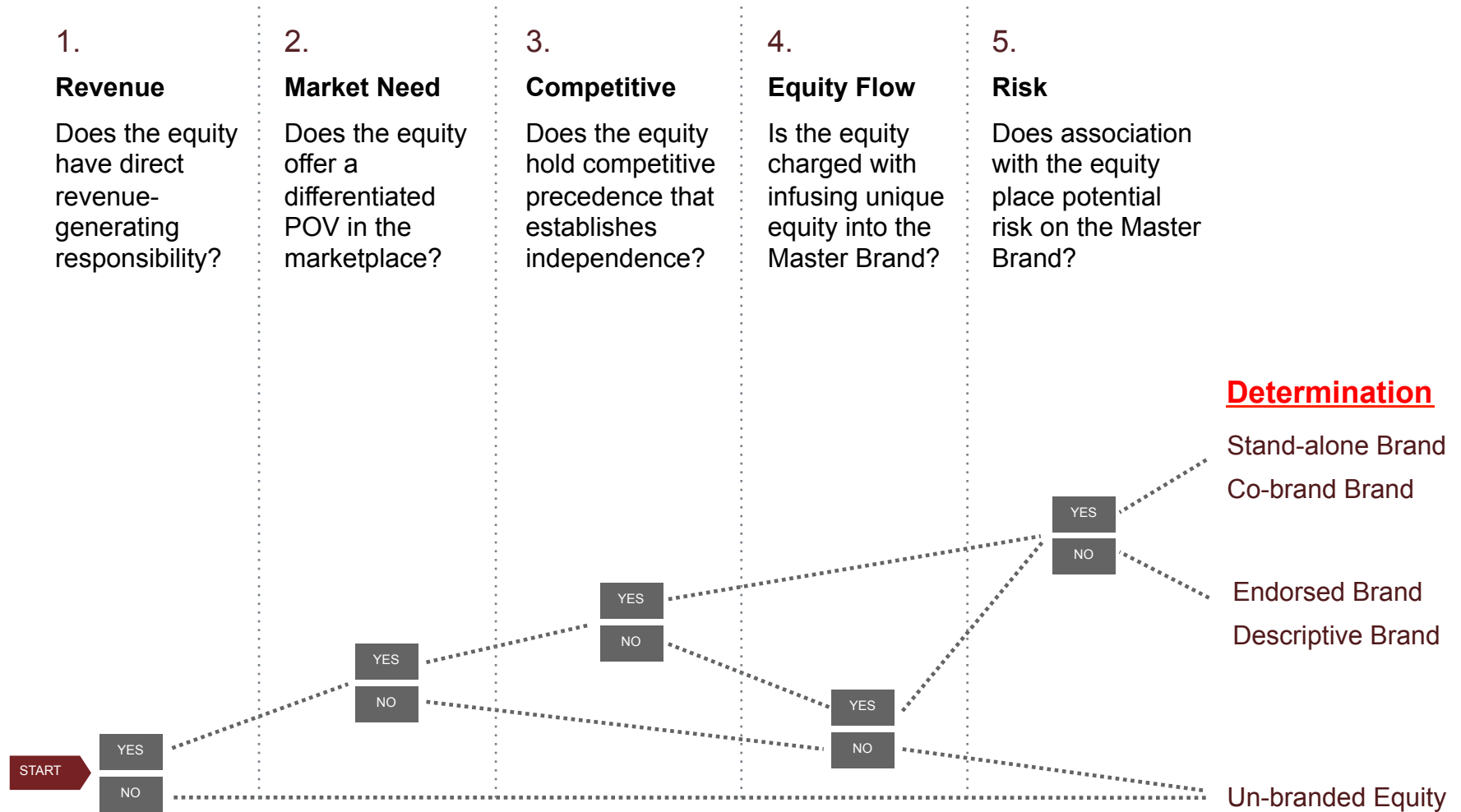


# Brand Linkage Options

Brand Type	Definition	Illustrative Examples
<b>Master</b>	A brand that serves as the primary frame of reference, often carrying the corporate name	<b>IBM</b>
<b>Co-</b>	An equity overtly linked to the master brand, receiving equal emphasis vis-à-vis the master (i.e. logo lock)	IBM SmarterRetail
<b>Endorsed</b>	An equity that is endorsed by the master brand, deriving benefit from it by virtue of the association	Netezza by IBM
<b>Descriptive</b>	An equity that is purely functional/descriptive in nature, with a logo lock to the master brand.	IBM Software
<b>Stand-alone</b>	A brand that stands independent from the master brand with no overt or implicit link to the master	<b>THINK</b>
<b>Un-branded</b>	A brand that stands independent from the master brand with no overt or implicit link to the master	Strategic Outsourcing



# Brand Architecture Decision Tree



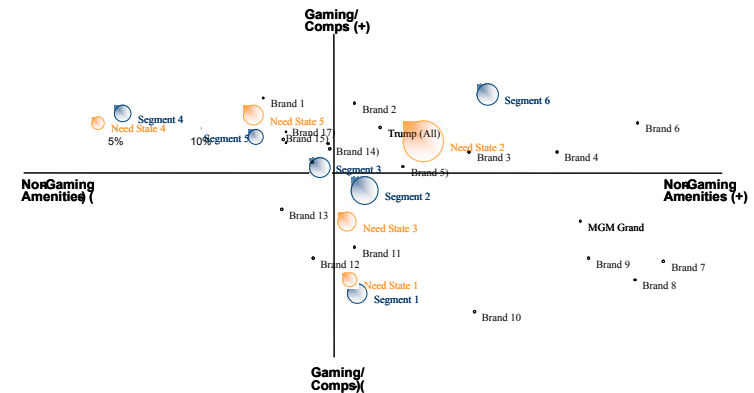
# High-level Approach

## Step 1: Current State Assessment

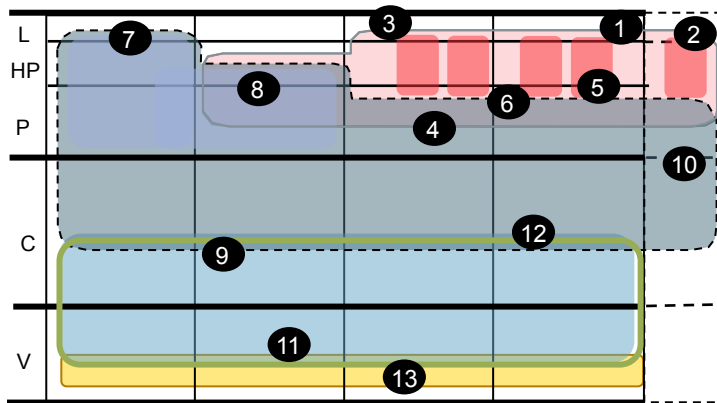
<b>Location</b> <ul style="list-style-type: none"> <li>Most properties benefit from excellent locations...</li> </ul>	<b>Property anomalies within properties</b> <ul style="list-style-type: none"> <li>New Orleans décor has unique layout and design featuring branded slot courts</li> <li>Tahoe offers a more sophisticated</li> </ul>
<b>Physical Features</b> <ul style="list-style-type: none"> <li>Highly variable - décor tends to be generic...</li> </ul>	
<b>Offer</b> <ul style="list-style-type: none"> <li>Focuses primarily on gaming, particularly slots...</li> </ul>	
<b>Observed Customer</b> <ul style="list-style-type: none"> <li>The typical customer is older (&gt;45), working class...</li> </ul>	
<b>Ambiance</b> <ul style="list-style-type: none"> <li>Disconnected experience</li> <li>Lowest common denominator approach</li> </ul>	
<b>Service/Staff</b> <ul style="list-style-type: none"> <li>Staff appears to be friendly and enthusiastic...</li> </ul>	
<ul style="list-style-type: none"> <li>The customer experience needs to better match brand positioning by prioritizing key touchpoints that will...</li> <li>St. Louis and Atlantic City may be best practice examples for property standards to handle variability in quality</li> </ul>	



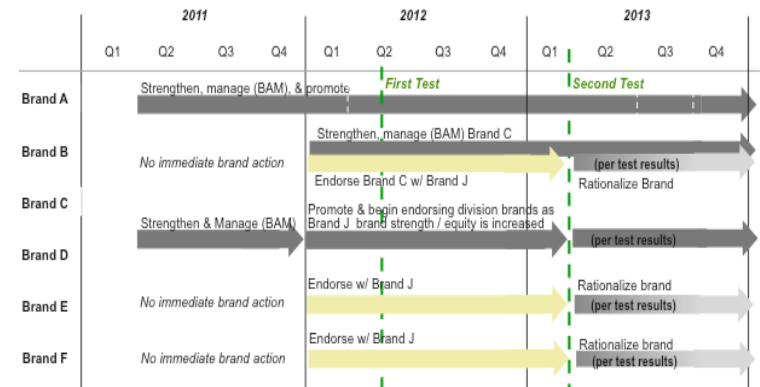
## Step 2: Customer Insights & Brand Profiling



## Step 3: Portfolio Scenarios & Business Case

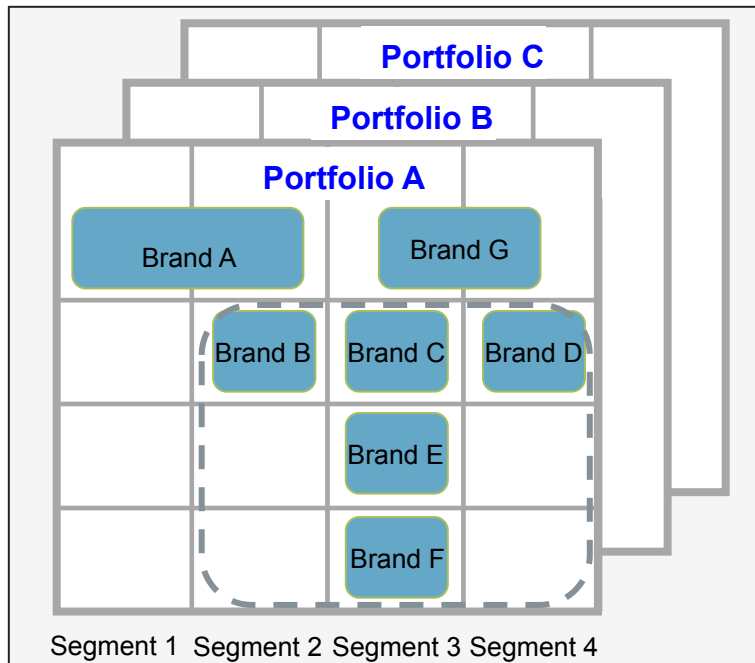


## Step 4: Portfolio Migration Road Map








## Portfolio Concept Testing



Helps determine the extent to which various brand portfolio options help create clarity and preference

## Discrete Choice Modeling

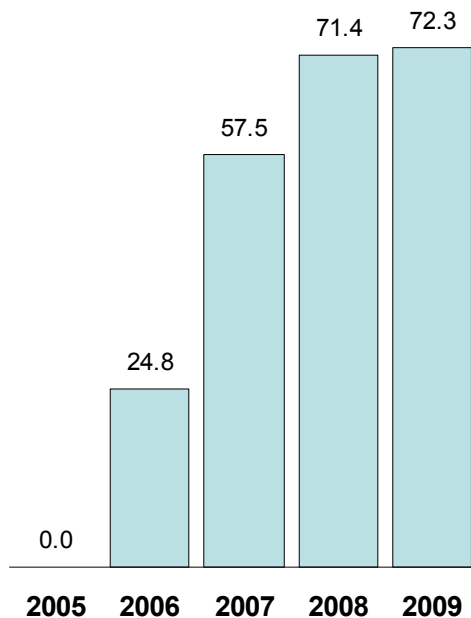
	1	2	3
<b>Ambience</b>			
<b>Appetizer</b>	Fried mozzarella sticks	Calamari	Grilled shrimp
<b>Salad</b>	Garden salad	Greek salad	Caesar salad
<b>Main course</b>	Steak	Grilled chicken	Fettucini Alfredo
<b>Vegetable</b>	Baked potato	Broccoli	Asparagus
<b>Beverage</b>	Soda	Beer	Red wine
<b>Dessert</b>	Apple pie	Cheesecake	Tiramisu
	Select this one	Select this one	Select this one
	None of these options		

Determines the impact of different brand portfolio and architecture options on customer purchase intent

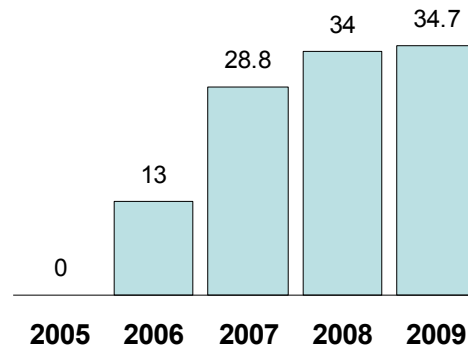
# Business Case Assessment

**What is it:** Financial analysis of value creation opportunities which allows the team to test brand portfolio moves and inform final recommendations (feasibility), value creation estimates, and high-level implementation plan

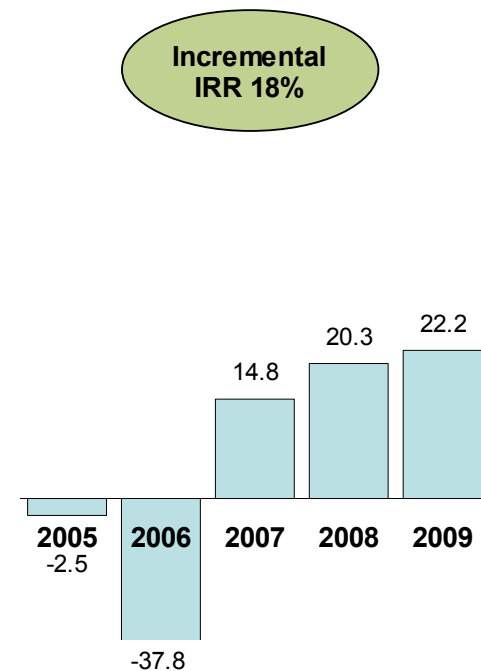
**Revenue Impact**  
\$Millions



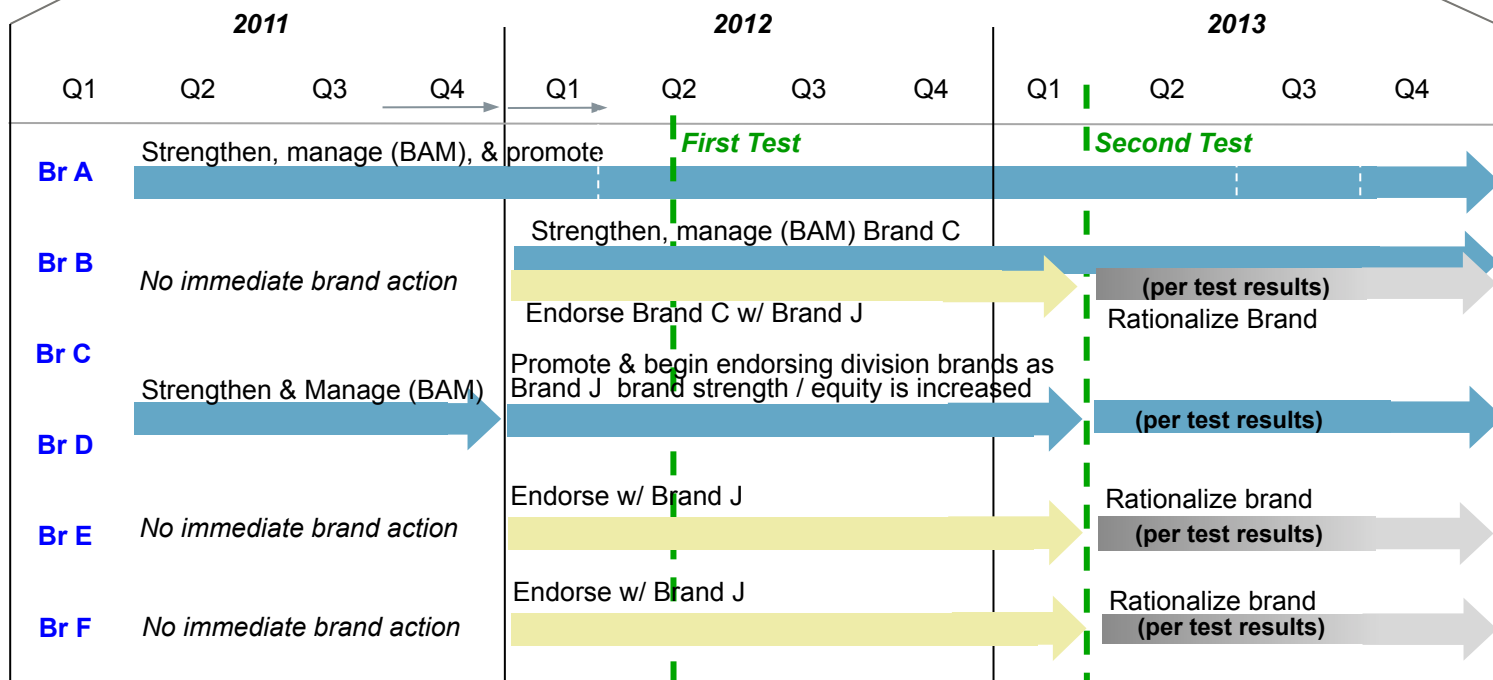
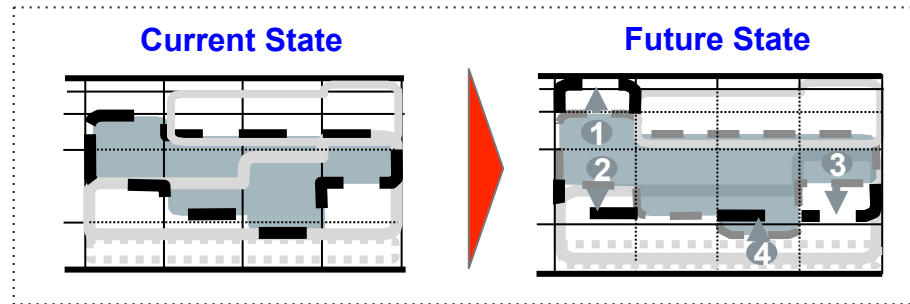
**EBITDA Impact**  
\$Millions



**Cash flow Impact**  
\$Millions



# Portfolio Migration Plan



## Brand Guidelines — Defined

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- Brand standards and guidelines define the design, specification, ordering, and printing or fabrication of elements of the brand identity system
- The range of formats include online guidelines, CD's, posters, fact sheets, PDF's, brochures and binders
- Intelligent brand guidelines save time, money, and frustration by managing the consistency and integrity of a brand identity system
- The best guidelines are 'living documents' that allow for updates and inclusion of best-in-class, benchmark brand executions
- Brand guidelines enable each and every employee to take shared responsibility in building a brand by dedicating discipline and vigilance to the way the brand is brought to life internally and externally
- Brand guidelines should be easily accessible to all internal and external partners who have responsibility to communicate about the brand
- The best brand guidelines communicate, "What does the brand stand for, in addition to providing brand identity information
- Size and nature of an organization affect the depth and breadth of the content and how marketing materials are conceived and produced in the future
- Legal and nomenclature guideline considerations are essential

## Brand Guidelines — Principles

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- Are clear and easy to understand
- Have content that is current and easy to apply
- Provide accurate information
- Include “what the brand stands for”
- Talk about meaning of the identity
- Balance consistency with flexibility
- Are accessible to internal and external users
- Build brand awareness
- Consolidate all necessary files, templates, and standards
- Promise positive return on investment contribution
- Provide point person for questions
- Capture the spirit of the organization
- Feature best-in-class examples