BRAND PORTOFOLIO MANAGEMENT

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Abstract: *Brand portfolio management begins with brand administration structures and schedules. There must be a person or a group of people in charge of brand management. Within product markets, there must be a joint brand planning schedule at the level of all the other brands and for each brand in particular. Planning models must be similar and they must use common contributions, suggestions and a common language. Brand portfolio management also requires a mechanism in order to achieve the portfolio objectives and the brand aims within a given market context.*

Companies are motivated to give much importance to brand portfolio management strategy as it provides a discipline and structure necessary for a viable business strategy that could guarantee success.

Brand portfolio management strategy is an element of the solution for an efficient management. A clear, rational structure can support a business management strategy by replacing losses with synergy, confusion with clarity and lost opportunities with fully supported assets.

The person or the group that manages the brand portfolio must have access to brand information, to the information that has to do with the market and to the necessary experience and funds in order to make decisions regarding the brand portfolio. Knowing the brand is an essential element as there are difficult implications when it comes to brand strategies. Knowing the market is mandatory as most of the objectives of the portfolio are for the customer and, without any certain credibility at the market level, the person or the group can make random and inappropriate decisions. Eventually, having the authority and the necessary funds is vital. Without these components, the manager of the portfolio will fail in getting the necessary support in order to plan and implement the necessary details at the level of the brand portfolio, as most of them are extremely delicate, regarding organization.

That person can be the executive director or a very strong administrative director or manager. If it is not the case, the person or the team must benefit from the executive director's visible support. Without any doubt, the sensitive problems of the brand portfolio management cannot be directly and efficiently solved, neither can they have solutions without the active support of the leading staff of the firm or company. If we talk about companies that have made progress at the level of improving the portfolio strategy – such as Dell, Nestle, Sony, Henkel, GE, HP, IBM, 3M and USB -, we have to mention the fact that the executive director was directly involved in the decisions and elements of the brand portfolio. The brand management – and definitely the brand portfolio one – is not a brand problem or even a marketing problem, but a problem that implies organization. Without the leading staff's interest and involvement, the objectives of the brand portfolio will be extremely hard to achieve.

The process should be supported through the organizational procedures and structures in order to create, evaluate and improve the strategy of the brand portfolio. It is necessary to have a periodical assay in order to find the problems that might show up at the level of the portfolio. Such assays must be done when a new product or a group of products or during a new acquisition. An acquisition that introduces a set of brands in the portfolio almost always poses serious problems at the level of the elements of the brand portfolio. The solution would be that these problems be dealt with and not undervalued or transferred to a strategic implementation stage.

Some problems that are connected to the management of the brand portfolio are more sensitive regarding organization, and only a supreme authority can offer a solution to all these. In the next paragraphs, we will describe **five issues sensitively connected to the management of the brand portfolio**.

1. A first sensitive issue is **allocating the funds taking into account each brand and its role**. This implies interference in the decentralized organizational structure and culture, which often offer great power and control over the whole firm or company. Nevertheless, if there is no analysis and order at the level of the portfolio, the stable brands and markets will get excessively high funds, at the expense of the future strategic brands and of the markets that are about to show up.

2. The second issue is represented by **the decision of adding extra brands and categories of brands**. This decision must be made based on some clear indications, as at the organizational level there is a propensity to increasing the number of brands. The managers have the tendency to increase the number of the potential customers and the innovating aspect of the suggested offers and their devotion to these brands can be symbolized by the name of the brand. Nevertheless, launching new brands is an expensive process from the administrative, organizational and financial point of view. Moreover, it is a cumulative process as it represents a future commitment, which implies a list of debts in the case of the other brands.

In order to control the increase of the number of brands, there has to be a clear criterion in order to include a brand in the portfolio, which can be sent to the company.

Generally, a new brand is necessary when the position of the already existing brand can be weak or in jeopardy, as the new offers reverberate a major detachment from the already existing offers and as the new business fields have an adequate number of potential customers so that an investment in a new brand can be justified.

Together with the clear criterion, it is also necessary to have a person or a group of persons that have the necessary authority to impose that criterion at the level of all the markets. Regional managers that could introduce new brands without the approval of the leading staff in the company should not exist. Most of the firms have a professional of a group of professionals who make the decisions regarding the creation of a new brand. Even when the criterion is concise and has already been communicated, the request of creating a new brand can be rejected. The managers can analyze and decide at the expense of the given criterion, refusing the suggestion regarding the value of a new brand.

3. A third issue connected to the portfolio, maybe the most delicate one, is **crossing out the brands or not emphasizing them**. The companies and their employees get very much attached to the brands, which turn into a symbol of the prestige of their activity and their professional status. Thus, crossing out a brand is a process which is perceived as being threatening. Moreover, you can always find a reason which can certify the importance of the capital of a brand and the risk a possible transfer of this brand might represent. Of course, there is always a total changing program. It is very difficult to look in the perspective of the whole portfolio and of the whole business strategy. Sometimes, a random decision, like the one made by the Unilever Company or reducing their portfolio by removing 75% of the brands, is necessary.

4. A fourth delicate issue that has to do with the portfolio management is the decision of **supporting a brand by its vertical or horizontal expansion or by introducing it, as a**

brand with a supporting role, in new contexts. In many companies such decisions are made at a local level – if a sector of the company decides that the brand can be helpful, that brand can be used even if this endangers its position. A department with a strategic position, significant knowledge of the market, a correct intuition on the brand and its identity has to be able to interfere in order to protect the brand. Nestle, for example, appointed a person in the leading team who could play a defending role of the brand for one of its great brands at the international level. One of that person's responsibilities is to see that the brand be not expanded in a market context that could affect its capital.

5. A fifth issue – not necessarily delicate, but with a destructive potential – is **ensuring the visual presentation of the brands**, in order to be sure that they are presented in a consistent manner, having a greater impact at the market level. In the end, the basic principles must be communicated to all those who will present the image of the brand, drawing some rules and easy to follow models and presenting their suitable color, the font size and the character which have to be used in each context. It is necessary that there be one person or a group that can interpret and ensure a consistency at the level of the visual presentation. The persons that have this responsibility should not be considered negative characters when they constantly say and not behave like a corporate policeman. The role and the process are stronger when the role can be expanded in order to include more than simple logo-types and have a positive influence regarding the structure of the brand.

Dell ensures the consistency in its visual presentations, partially and through some biannual business meetings, in which the executive directors and the chairperson of the company display on a wall all the visual presentations of Dell all around the world. Then those presentations that are not suitable for the brand image or are inconsequent in a way or another; the identified problems are usually corrected before the next biannual evaluation. Instead, a "corporate policeman" can make decisions that can be somehow avoided or hardly achieved by the managers in the field.

The firms are motivated to deal with the management strategy of the brand as it offers the necessary structure and discipline in order to have a business strategy that guarantees success. A disorderly and incoherent management strategy of a brand portfolio can damage a strategy of the business management. Instead, one that takes care of organizational and market simultaneous actions creates relevant, differentiated and energetic brand assets and supports the active ones, will concomitantly support and allow the achievement of the brand portfolio efficiently.

The brand management cannot cope with the market complexities, which include the existence of the products, the market segments, the locations and the multiple distribution ways. On the one hand, the management strategy of the brand portfolio represents a clear element of the issue, as the number of brands, under-brands and supported brands explosion in the companies that cover a series of markets of other products, restrained the capacity of the firms of forming concrete strategies or carrying them out. On the other hand, the management strategy of the brand portfolio is at the same time an element of the solution for the efficient brand management, as a rational, clear brand structure can support an efficient business management strategy by replacing the losses with the simultaneous actions, the confusion with clarity and the missed opportunities with the fully supported actives.

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