

# 10 Guidelines for Your Brand Portfolio Strategy



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A true story: A software firm had such a confusing set of brands and offerings that its own employees couldn't tell customers what they should buy. Further, new product naming was paralyzed; every naming option seemed only to make the confusion worse.

Portfolio issues seldom reach such a crisis stage, but too often, they inhibit business strategy and create inefficient and ineffective brand-building efforts. The core challenge is to manage the brand portfolio so that it results in:

- **Clarity** instead of confusion, both internally and in the marketplace.
- **Synergy**, whereby the various brands and their brand-building programs work together to enhance the visibility of the brands, create and reinforce associations with consistency, and obtain cost efficiencies.
- **Relevance**, so that brands will be in place that will provide visibility and credibility for offerings in existing and target product markets.
- **Differentiation**, a key to a strong brand.
- **Brand platforms** that will be the basis of a healthy business going forward.
- **Leveraged brand assets** that are extended into new product markets as endorsers or master brands.
- **Clear brand roles.**

In my forthcoming book, *Aaker on Branding: 20 Principles That Drive Success*, I have a section on brand portfolio strategy that discusses the concepts and strategic options central to the development of a well-defined brand portfolio strategy. That discussion can be summarized by the following 10 guidelines. The first three are “must do” imperatives. The next seven are guidelines that should be considered when circumstances make them relevant options.

**1 Make sure that each brand has a well-defined role or set of roles** to play in each product-market context in which it is expected to contribute. Potential roles include master brand, endorsed brand, endorser brand (providing credibility to the endorsed brand), sub-brand, descriptor, current power brand (the current profit generator), future power brand, branded differentiator (brands like GM's “OnStar” that provide differentiation for other brands), branded energizer (something branded that has energy and connects to another brand), niche brand, flanker brand (designed to neutralize a competitor) or cash cow brand. Each brand then needs to be actively managed to be successful within those roles.

In particular, brand-building resources should be allocated on the basis of these roles, and not based on the sales and profits that they are now generating. For example, future power brands and branded differentiators should receive adequate funding so that they can fulfill their roles.

**2 Identify the strategic brands** that will play a driver role in supporting major businesses or product platforms going forward. A brand is said to have a “driver role” when it drives the purchase decision and defines the use experience. A brand with a driver role will represent the offering, summarize its value proposition and often lead the charge against competitors into the product market. A strategic brand, which is not restricted to being a master brand, is the present or future star player, a brand on which the future success of the business will hinge.

**3 Articulate the business strategy** going forward, including the target product markets and the value proposition, and how each will change as new offerings are introduced and the market evolves. The brand portfolio strategy both enables and is driven by the business strategy, so clarity of the business strategy is needed.

The fact that a business strategy will span product markets has implications for the brand portfolio strategy, as brands will need to be adjusted for different contexts, which often will require introducing new brands or adjusting the relationship among brands. And strategy dynamics will require anticipating the need for new brand platforms and create the reality that brand assets may have a future role as well as a current one.

**4 Understand the roles of sub-brands and endorsed brands** when deciding how to brand a new offering. A sub-brand augments or modifies the associations of a master brand and thus will allow some distance from a master brand. An endorsed

brand provides more distance from the master brand. A new brand provides the most distance.

Three questions are involved in determining how much distance is needed and thus whether an endorsed brand, sub-brand or new brand is needed: Will an existing master brand enhance the new offering? Will the new offering enhance an existing master brand? Is there a compelling reason to generate an endorsed brand, sub-brand or new brand?

**5 Find or create branded differentiators**, actively managed, branded features, ingredients or technologies, services or programs that create a meaningful and impactful point of differentiation for a branded offering over an extended time period. The Heavenly Bed, for example, is a branded differentiator for Westin Hotels. A branded differentiator is a way to protect an innovation that has created a “must have” defining a new subcategory.

**6 Create or exploit branded energizers**, a branded product, promotion, sponsorship, symbol, program or other entity that, by association, significantly enhances and energizes a target brand. Nearly all brands can use more energy, and some brands, especially established brands, may be noticeably bland and tired. The branded energizer can be controlled by the firm (e.g., the Avon Walk for Breast Cancer) or by another firm (The Home Depot’s connection to Habitat for Humanity).

**7 Leverage strong brands through brand extensions.** Extension opportunities should be sought for which the brand will fit and add value through its associations and customer base. The extensions also should enhance the brand by providing visibility, associations, energy, access to growth arenas and communication efficiencies. Rather than conducting ad hoc brand extensions, it’s strategically better to plan for a sequence of extensions that lead to a future brand platform that crosses categories.



**8 Consider vertical extensions**, which are risky but sometimes necessary when business realities dictate a vertical move and creating a new brand simply is not feasible. A brand may not be able to deliver the credibility or self-expressive benefits needed in super-premium markets. And a brand risks tarnishing its image when moving down-market. However, in either case, the use of a sub-brand or endorsed brand strategy can reduce the risks by providing some separation from the master brand.

**9 Consider using the corporate brand** as a master brand or endorser because it is uniquely suited to capture the organization’s heritage, assets and skills, people, values, citizenship and performance. While competitive products may be similar, organizations rarely are. Corporate brands are thus a potential source of differentiation as long as they stand for something meaningful and positive.

**10 Reduce the portfolio size** when possible. Resist adding brands that are not needed, eliminate

brands that have no role, and relegate a brand to descriptor status if it is not getting traction or fails to have a driver role. Portfolios that have excess brands create confusion, inefficiencies and misallocation of resources.

A brand portfolio strategy is about a family of brands, their roles and their relationships with each other. It should deliver clarity, synergy, relevance, differentiation, brand platforms and leverage. To achieve these goals, an ongoing effort to actively manage and refine is needed. **m**

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