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Gestion du portefeuille de marque : une étude de cas multiple

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Résumé

Dans le passé, la majorité de l'effort investi pour construire l'image de marque dans un portefeuille de marques était axée sur les acquisitions, les lancements et les extensions de marque. Aujourd'hui, l'objectif est de tirer le meilleur profit des marques existantes grâce à une meilleure gestion et une meilleure organisation de celles-ci dans le portefeuille et avec une attention particulière aux relations entre les marques existantes. Peu d'entreprises ont une méthode formelle qui leur permet de mettre en place une stratégie de portefeuille de marques qui est simple et structuré, avec une concentration sur la rationalisation des marques dans le portefeuille.

Reconnaissant qu'il n'existe pas de recette parfaite pour un portefeuille de marques, plusieurs chercheurs ont proposé des théories sur le *modus operandi* d'un portefeuille de marques et suggèrent ce qu'un portefeuille de marques idéal devrait être. Malgré cela, il ne semble pas y avoir un consensus dans le milieu des affaires dans la façon de gérer un portefeuille de marques. Pour illustrer cette affirmation, on constate que les entreprises dans une même industrie ont des stratégies de portefeuille de marques divergentes. La question qui demeure est : comment les gestionnaires prennent-ils leurs décisions stratégiques quant au portefeuille de marques? Ce mémoire vise à identifier les processus et les indicateurs de performance utilisés par les gestionnaires de marque pour évaluer l'efficacité du portefeuille de marques. Bien que de nombreuses recherches aient été effectuées sur les différents types de portefeuilles de marques, peu d’attention a été accordée au processus réel des gestionnaires derrière les décisions au sujet du portefeuille de marques.

Puisque cette étude explore des thèmes qui n'ont jamais été étudiés dans leur ensemble et il y a peu d'informations sur le sujet, conséquemment la méthodologie est de nature exploratoire. Pour atteindre les objectifs de l'étude, une approche méthodologique qualitative est nécessaire. L'approche méthodologique préconisée dans cette étude est l'analyse de cas multiples. Afin de saisir les différents points de vue, les cas portent sur trois grandes sociétés canadiennes dans des industries différentes. Les résultats de recherche montrent que les théories présentées dans la littérature divergent de ce que les gestionnaires utilisent pour la gestion du portefeuille de marques.

Mots-clés: Portefeuille de marque, gestion du marketing, marketing stratégique.

Abstract

In the past, much of the effort to build brand equity in the portfolio focused on acquisitions, brand launches and brand extensions. Today, the goal is to get the most out of existing brands through better management and better organization of the brands in the portfolio with particular attention to the relationship between existing brands. Few companies have a formal methodology that allows them to establish a brand portfolio strategy that is simple and structured with a focus on rationalizing brands.

Recognizing that there is no perfect recipe for an efficient brand portfolio, several researchers have proposed theories about the modus operandi of a brand portfolio and suggest what an ideal brand portfolio should be. Despite this, it doesn't appear to be a consensus in the business realm of how a brand portfolio should be organized since companies in the same industries have divergent brand portfolio strategies. The question remains, how do managers actually make their brand portfolio strategy decisions? This article aims to identify the process and the performance indicators used by brand managers to evaluate the effectiveness in the current brand portfolio. Although considerable research has been devoted to the different types of brand portfolios, rather less attention has been paid to the actual process behind the brand portfolio decisions.

Since this study explores themes that have never before been studied as a whole and there is little information on the subject, the methodology will be exploratory in nature. To meet the objectives of the study, a qualitative methodological approach is required. The methodological approach advocated in this study is the analysis of multiple cases. In order to capture different point of views, the cases focused on three large Canadian companies in different industries. The research results show that the theories presented in the literature diverge from what managers use for managing the brand portfolio.

Keywords: Brand Management, Brand Portfolio, Strategic Marketing

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Avant-propos

Ce mémoire est principalement constitué d'un article rédigé en anglais. L'article présente les résultats d'une recherche au sujet des décisions prises par les gestionnaires sur leur portefeuille de marque, menée par Alexandre Beauregard, sous la supervision de Johanne Brunet et Gary Gebhardt.

L'article n'a pas été, à ce jour, accepté pour publication.

L'étudiant, Alexandre Beauregard, a contribué à cet article en effectuant la recherche et en procédant à la rédaction. Johanne Brunet, directrice de mémoire, et Gary Gebhardt, co-directeur de mémoire, ont contribué à l'article en participant à l'élaboration du sujet et de l'angle de la recherche ainsi qu'en effectuant des relectures et en partageant leurs commentaires sur une base régulière. De plus, des recommandations de références et un soutien constant dans la rédaction ont été fournis par les codirecteurs de recherche.

Afin de respecter l'anonymat, les noms des entreprises qui ont participé à cette étude ont été changés par des noms fictifs.

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Mise en contexte

Neil McElroy a changé le marketing à tout jamais quand il a écrit le mémorandum chez Procter & Gamble, devenu historique, qui mena à la création de la discipline de la gestion de marque. Alors qu'il travaillait sur la campagne de publicité pour les savons Camay en 1931, McElroy se frustra de devoir faire concurrence non seulement avec ses compétiteurs directs, les savons de Palmolive et de Lever, mais aussi avec la marque phare de P&G : Ivory. Dans un mémo interne, désormais rendu célèbre, il a soutenu que plus d'attention devrait être portée envers les autres marques dont Camay. (D. A. Aaker, 1991; D. A. Aaker & Joachimsthaler, 2000). C'est ainsi qu'a été inventé le système moderne de gestion de marque. En plus d'avoir une personne responsable de chaque marque dans le portefeuille, il devrait y avoir une équipe de gens dévoués à la stratégie marketing de celle-ci. L'unique préoccupation de ces dirigeants et de cette équipe serait la marque. Celle-ci serait commercialisée indépendamment des autres marques de l'entreprise comme si elle était une compagnie distincte.

Dans les années 1990, les consommateurs ont été témoins d'une prolifération de marques sans précédent. La fragmentation des segments de masse et la diminution des coûts de fabrication et de distribution ont encouragé les gestionnaires de marques à multiplier le nombre de marques par le biais de fusions/acquisitions, de lancement de nouveaux produits et d'extensions de marques. Par exemple, en 1999, 75% des marques dans le portfolio d'Unilever contribuaient pour moins de 10% des ventes totales de l'entreprise. De même chez Nestlé où la majorité des 7000 marques ne contribuent pas significativement à la rentabilité de la firme. (S. P. Douglas, C. S. Craig, & E. J. Nijssen, 2001b) (Rapoport, 1994).

La prolifération des marques à l'intérieur même d'une entreprise amène des nouvelles considérations stratégiques. De toute évidence, la constitution d'un portefeuille de marque est une opération stratégique et oriente les décisions d'affaires de la compagnie. Ce processus est crucial pour toutes entreprises multi-produits, car l'objectif n'est pas seulement de s'assurer qu'une marque individuelle a du succès, mais que globalement toutes les marques de la firme soient fructueuses et bien coordonnées. En évitant toute confusion chez le consommateur et en s'assurant de l'efficacité interne des efforts marketing, les portfolios de marques bien gérés peuvent créer un avantage concurrentiel pour l'entreprise (Carlotti, Coe, & Perrey, 2004). Les stratégies de portefeuille de marques sont un phénomène complexe et multidimensionnel où, en pratique et dans la littérature académique, il existe peu d'unanimité (Morgan & Rego, 2009).

Introduction et problématique

Autrefois, une grande partie des efforts pour renforcer l'équité de marque dans le portefeuille étaient axés sur l'acquisition, le lancement, et les extensions de marques. Aujourd'hui, l'objectif est d'obtenir le maximum des marques existantes par une meilleure gestion et une meilleure organisation des marques dans le portefeuille avec une attention particulière aux relations entre les marques existantes (Petromilli, Morrison, & Million, 2002). Peu d'entreprises ont une méthodologie formelle qui leur permet d'établir une stratégie de portefeuille de marque simple et structuré, orientée vers la rationalisation des marques (S Hill, R Ettenson, & D Tyson, 2005).

Ce mémoire a pour but d'identifier les mesures de performance d'un portefeuille de marque à l'échelle internationale. Plus concrètement, trois objectifs de recherche sont poursuivis : 1) Explorer les déterminants d'un portefeuille de marques performant. 2) Comprendre et analyser les stratégies de portefeuille de marques en lien avec la stratégie corporative de l'entreprise. 3) Découvrir quelles méthodes sont utilisées pour mesurer la performance du portefeuille de marques.

Les indicateurs pris en compte pour prendre les décisions quant au portefeuille de marques est un thème peu couvert dans la littérature. D'une part, quelques recherches scientifiques traitent de la performance du portefeuille de marques. En effet, il existe déjà plusieurs approches à l'organisation d'un portefeuille de marques. Ceux-ci varient entres des modèles généraux décrivant les différents types d'agencement d'un portefeuille de marques (souvent sous forme de diagramme d'architecture de marque) à des modèles mathématiques peu flexibles expliquant peu aux gestionnaires quelles décisions ils doivent prendre (S Hill et al., 2005). D'autre part, la littérature s'intéresse souvent aux méthodes en vases clos plutôt que de les intégrer dans une approche globale tenant compte des dimensions particulières de l'organisation autant en termes d'objectifs que de contexte interne.

Certains chercheurs font part du manque qu'il existe dans tant au niveau des praticiens que des académiciens. En effet, selon la littérature (Carlotti et al., 2004; S Hill et al., 2005), peu d'entreprises possèdent une structure permettant de guider les décisions des gestionnaires de marques : «*Relatively few firms appear to have established such an explicit architecture nor developed the principles to guide its construction and management. Rather, a firm's brand structure tends to evolve on an ad hoc and piecemeal basis, as new brands are acquired or new products developed.* » (Carlotti et al., 2004). De plus, peu d'attention sur le sujet a été amenée par des recherches scientifiques : «*The lack of attention among academics to examining brand architecture and understanding the principles guiding the building of an effective brand architecture in an international market setting underscore the importance of further research*. » (Carlotti et al., 2004).

Certaines études (Morgan & Rego, 2009) ont porté une attention aux facteurs expliquant la performance d'un portefeuille de marque, mais en se fiant uniquement sur des données tangibles et quantitatives n'expliquant pas le «pourquoi» des prises de décisions des gestionnaires de marque. Analyser les facteurs de performance d'un portefeuille de marque sous l'angle d'un processus de gestion permettra d'obtenir une compréhension plus appliquée du sujet à l'étude.

Méthodologie

Puisque cette étude n'a jamais été effectuée, qu'on explore des thèmes qui n'ont jamais été étudiés auparavant dans son ensemble et qu'on dispose peu d'informations sur le sujet, la méthodologie sera de nature exploratoire. La recherche de nature exploratoire procure principalement des données d'ordre qualitatives. Cette méthode n'est pas basée sur des hypothèses ou des notions préétablies. En effet, le chercheur utilise la recherche exploratoire quand il existe peu d'informations sur le sujet étudié (Eisenhardt, 1989).

Ce chapitre est consacré à l'explication des particularités et des caractéristiques de la méthodologie utilisée. D'abord on expose une synthèse des avantages associés à une approche qualitative et à l'étude de cas multiple. Par la suite, on présente les méthodes d'échantillonnage pour la sélection des cas et des participants. Enfin, on explique les méthodes de collecte de donnée en abordant les techniques utilisées, les problèmes survenus, et la confidentialité des participants.

Une recherche qualitative

Afin de répondre aux objectifs de l'étude, une approche méthodologique qualitative est de mise. La recherche qualitative est une méthode prouvée et permet « (…) une grande souplesse dans la façon d'obtenir les informations désirées» (D'Astous, 2000). Sa principale qualité est la qualité des informations étudiées au détriment des aspects quantitatifs (D'Astous, 2000).

L'entrevue

Pour Yin (2009), il existe trois grands types de recherche qualitative, soit l'observation participante, les entrevues, et l'analyse documentaire.

Afin d'obtenir le maximum d'information, le chercheur utilise une méthode par entrevue. Cette façon de procédé permet d'obtenir en détail le «pourquoi» et le «comment» des thèmes qui seront abordés dans l'entrevue. «*The interview, both factual and meaningful, seeks to describe the meaning of central themes in the life world of the subjects. The main task in interviewing is to understand the meaning of what interviewees say*» (Kvale, 1996).

Une étude de cas

Cette recherche sera effectuée par une méthode utilisant les études de cas. L'exactitude de cette méthode de recherche auprès des gestionnaires marketing, comparativement aux méthodes de sondages, a été prouvée par Johnston et coll. (1999) «*Findings from case research may have more influence on marketing managers than survey results*. » (Johnston, Leach, Liu, 1999).

L'étude de cas combine la collecte de données de sources primaires et secondaires pouvant provenir de plusieurs sources, soit des archives, des interviews, de l'observation directe, de l'observation participative, des artefacts, et de documents (Eisenhardt, 1989 ; Yin, 2009).

La recherche fondée sur des études de cas est habituellement associée avec la recherche exploratoire ou descriptive et se justifie dans la mesure où elle correspond aux trois critères définis par Yin (2009).

- Le type de question de recherche cherche à répondre à des questions comme «comment» ou «pourquoi»
- Lorsque le chercheur a un peu ou pas de possibilité de contrôler les événements ou les comportements
- Quand le phénomène étudié correspond à un contexte de vie réel et contemporain.

Une étude de cas multiple

Une méthodologie par étude de cas multiple amène un plus haut niveau de robustesse aux résultats.

> *Next, the actual cases to study must be chosen. There are instances when it is only possible to conduct a single-case study design (e.g., a critical case, a rare case, or a unique case). However, evidence from multiple-case designs are more compelling and make the overall study more robust (Johnston, Leach, Liu, 1999).*

Yin (2009) explique que si l'étude est supposée révéler une logique de réplication, l'étude de cas multiple est appropriée pour supporter le cadre théorique. L'étude de cas multiple peut mettre en évidence des résultats similaires entre les cas ou des résultats contrastés pour des raisons prévisibles à condition que le cadre théorique identifie clairement les conditions suivantes :

- Quand un phénomène est susceptible d'être trouvé
- Et quand il est peu probable

Puisque le cadre théorique est le véhicule de généralisation pour les cas, si un phénomène décrit dans un cas ne correspond pas à la théorie, des modifications doivent être amenées au cadre théorique.

L’échantillonnage

La sélection des cas

Ce phénomène doit être étudié sur plusieurs études de cas sur des entreprises disposant d’un grand ensemble de marques. Yin (2009) explique aussi que le nombre de cas dépend du niveau de certitude et de la richesse des informations que le chercheur souhaite atteindre.

La sélection d'une population appropriée nous a permis de définir les limites de l'étude. Plusieurs critères ont été utilisés pour délimiter la population:

- Facilité d'accès.
- Nombre de marques.
- Taille de l'entreprise.

Tout d'abord, pour l’aspect de la facilité, nous avons limité la recherche avec une limite géographique. Par conséquent, seules les entreprises canadiennes ont été approchées. Deuxièmement, nous avons voulu étudier les entreprises avec un historique et une complexité dans sa gestion de la marque. Par conséquent, la population a été limitée aux 500 premières sociétés canadiennes en termes de revenus. Enfin, la taille et la nature du portefeuille de marques ont été prises en compte. Plus précisément, les entreprises avaient besoin d'un portefeuille de marques assez grand et devaient être composées de marques dans la même catégorie de produits. Par exemple, une entreprise de télécommunications, BCE, a trois grandes marques: Bell Mobilité, Bell Internet et Bell Télé. Une entreprise avec trois marques qui se compose de trois différentes unités d'affaires stratégiques avec peu de liens entre elles a été éliminée de la population. Ce critère était important, car nous étudions les processus de gestion de la marque et une décision affectant une marque a peu de répercussions sur l'autre. La taille du portefeuille de marques était importante également, car le thème principal de cette étude réside dans l'organisation des marques dans un portefeuille. Une entreprise avec peu de marques est donc moins pertinente pour cette étude.

La sélection des participants

Les entrevues ont été effectuées avec les gestionnaires responsables de la prise de décision sur l'ensemble du portefeuille de marques. Par exemple, ceci peut inclure le directeur marketing de l'organisation, le CMO (*Chief Marketing Officer*) ou un gestionnaire impliqué dans l'équipe d'analyse du portefeuille et qui effectue des recommandations sur la stratégie marketing de l'entreprise.

L'identification des répondants a été effectuée par des recherches sur Internet, des contacts personnels et des requêtes d'informations par courriel directement à l'organisation. Afin de recruter les répondants, le chercheur a communiqué avec ces personnes directement par courriel ou par téléphone.

L'exécution des entrevues

Yin (2009) explique que les compétences souhaitées de l'enquêteur sont :

- Une bonne connaissance du phénomène étudié
- Une sensibilité pour les nouveautés et les imprévus dans la collecte de donnée

- Poser les bonnes questions
- Être un bon auditeur
- Pouvoir s'adapter et être flexible

Aussi, un guide-protocole d'entrevue est une partie essentielle de toute étude de cas. Cet instrument devrait contenir :

- Une vue d'ensemble de l'étude (les objectifs, les enjeux, la littérature, etc.)
- Les procédures sur le terrain (les sources d'informations, les permissions obtenues)
- Le guide d'entrevue : la liste des questions à poser aux interviewés. Cela devrait inclure une classification des thèmes abordés.
- Un guide pour le rapport du cas

Yin (2009) explique qu'il est important d'identifier deux niveaux différents de questions : Des questions portant sur le cas à l'étude (ceci comprend des questions portant directement sur l'interviewé et sur son entreprise) et des questions d'ordre plus général (des trouvailles sur plusieurs cas, des trouvailles sur l'ensemble de l'étude, et des questions normatives sur les politiques de l'entreprise)

Au total, 5 entrevues ont été effectuées. Premièrement, chez Nationix, les entrevues ont été exécutées avec des chefs de maques seniors possédant plusieurs marques sous leur responsabilité. Deuxièmement, chez Corata, une entrevue a été effectuée avec un chef de marque et l'autre avec un directeur de marque. Tous les deux avec différentes marques sous leur charge. Dernièrement, chez UGGA, une seule entrevue a été effectuée avec le directeur marketing de l'entreprise.

L’analyse des résultats

L’analyse et le traitement des données qualitatives sont un des aspects les moins développés de la méthode par étude de cas et elle peut s’effectuer de plusieurs façons (Yin, 2009). Johnston et coll. (1999) explique qu’une des faiblesses principales des études de cas est la validité interne de la recherche. Afin de répondre à cette lacune, il est important que les données soient validées. Une des forces de la méthode par étude de cas est la possibilité d’utiliser des sources variées afin de confirmer les données recueillies.

La triangulation des données ajoute de la valeur au propos recueilli. Les sources d’informations pour la triangulation sont quantitatives et qualitatives. Bonoma (1985) explique que le chercheur peut, afin d’obtenir une vision globale du phénomène étudié, utiliser des données financières, des données sur le marché, des données sur la concurrence, etc.

Ces études de cas de cette recherche s’appuient sur le cadre théorique comme ligne directrice pour l’analyse.

La première étape a consisté à réduire la quantité de données. Cela a consisté à sélectionner, choisir, simplifier, extraire et transformer les données. Pour faire, le chercheur a codé les données selon les différends thèmes de l’étude et les a regroupé par blocs (Huberman et Miles, 2003). Comme suggèrent plusieurs auteurs, afin de simplifier l’organisation des données et de leur donner du sens, le chercheur a utilisé de manière extensive des matrices de présentation, des tableaux de fréquences, et des schémas pour illustrer les données (Yin, 2009 ; Eisenhardht, 1989).

Article

Abstract

In the past, much of the effort to build brand equity in the portfolio focused on acquisitions, brand launches and brand extensions. Today, the goal is to get the most out of existing brands through better management and better organization of the brands in the portfolio with particular attention to the relationship between existing brands. Few companies have a formal methodology that allows them to establish a brand portfolio strategy that is simple and structured with a focus on rationalizing brands.

Recognizing that there is no perfect recipe for an efficient brand portfolio, several researchers have proposed theories about the modus operandi of a brand portfolio and suggest what an ideal brand portfolio should be. Despite this, it doesn't appear to be a consensus in the business realm of how a brand portfolio should be organized since companies in the same industries have divergent brand portfolio strategies. The question remains, how do managers actually make their brand portfolio strategy decisions? This article aims to identify the process and the performance indicators used by brand managers to evaluate the effectiveness in the current brand portfolio. Although considerable research has been devoted to the different types of brand portfolios, rather less attention has been paid to the actual process behind the brand portfolio decisions.

Since this study explores themes that have never before been studied as a whole and there is little information on the subject, the methodology will be exploratory in nature. To meet the objectives of the study, a qualitative methodological approach is required. The methodological approach advocated in this study is the analysis of multiple cases. In order to capture different point of views, the cases focused on three large Canadian companies in different industries. The research results show that the theories presented in the literature diverge from what managers use for managing the brand portfolio.

Keywords: Brand Management, Brand Portfolio, Strategic Marketing

Background Context

Neil McElroy changed marketing forever when he wrote the, now famous, memorandum at Procter & Gamble which led to the creation of the discipline of brand management. While working on the advertising campaign for Camay soaps in 1931, McElroy became frustrated to have to compete not only with its direct competitors, Palmolive and Lever, but also with the P & G brand: Ivory. In an internal memo he argued that more attention should be paid to other brands including Camay (D. A. Aaker, 1991; D. A. Aaker & Joachimsthaler, 2000). Thus was invented the modern system of brand management. In addition to having one person responsible for each brand in the portfolio, there should be a team of people dedicated to the marketing strategy of the latter. The only concern of these leaders and the team would be the brand. This would be marketed independently of the other brands of the company as if it were a separate company.

In the 1990s, consumers witnessed an unprecedented proliferation of brands. The fragmentation of mass segments and lower costs of manufacturing and distribution have encouraged brand managers to increase the number of brands through mergers / acquisitions, new product launches, and brand extensions. For example, in 1999, 75% of the brands in the Unilever portfolio contributed to less than 10% of total sales of the company. Also, at Nestlé, the majority of its 7000 brands did not significantly help the profitability of the company (S. P. Douglas, C. S. Craig, & E. J. Nijssen, 2001a; Rapoport, 1994).

Introduction

The proliferation of brands inside the same company brings new strategic considerations. The creation of a brand portfolio is a strategic operation and guides the business decisions of the company. This process is vital for all multi-product companies because the purpose is not simply to ensure that an individual brand is successful but that overall, all brands in the firm are successful and well-coordinated. In other words, the objective is that the totality of the brand portfolio is greater than the contribution of each brand individually. By avoiding any confusion among consumers and ensuring internal efficiency of marketing efforts, a properly managed brand portfolio can build a competitive advantage for the company (Carlotti et al., 2004). Brand portfolio strategy is a complex and multifaceted phenomenon which in practice and in the academic literature there is little consensus (Morgan & Rego, 2009).

In the past, much of the efforts to strengthen brand equity in the portfolio focused on acquisitions, launches and brand extensions. Nowadays, the goal is to obtain the maximum of existing brands through a better management and improved organization of brands in the portfolio with a particular emphasis on the relationship between existing brands (Petromilli et al., 2002). Few businesses have a formal methodology that allows them to establish a simple and structured brand portfolio that is focused on rationalizing brands (S Hill et al., 2005).

This paper aims to identify the measures of performance of brand portfolios. What are the factors used by management in order to assess the effectiveness of their brand portfolio? What criteria are used by managers to carry out decisions regarding the brand portfolio? In other words, the purpose isn't to evaluate a given portfolio but to understand how managers actually make their decisions. More specifically, three research objectives are pursued: 1) To explore the determinants of a performant brand portfolio according to brand managers, 2) To understand and to analyze the strategies of brand portfolio in relation to the corporate strategy of the company, and 3) To discover what methods are used for measuring the performance of the brand portfolio.

The indicators that are considered when taking decisions regarding a brand portfolio haven't been studied. On one hand, some scientific research deals with brand portfolio performance. In fact there are already several approaches to the organization of a brand portfolio. These range between general models outlining the various types of arrangement of a brand portfolio (often in the form of brand architecture diagram) to inflexible mathematical models that don't help managers take managerial decisions (S Hill et al., 2005). According to the literature (Carlotti et al., 2004; S Hill et al., 2005), few companies possess a structured guide to brand portfolio strategy " Relatively few firms appear to have established such an explicit architecture nor developed the principles to guide its construction and management. Rather, a firm's brand structure tends to evolve on an ad hoc and piecemeal basis, as new brands are acquired or new products developed " (Carlotti et al., 2004). In addition, little attention on the topic has been brought up by scientific research: "The lack of attention among academics to examining brand architecture and understanding the principles guiding the building of an effective brand architecture in an international market setting underscore the importance of further research" (Carlotti et al., 2004).

This study answers the "how" managers make their decisions on key aspects of a brand portfolio. This objective contributes to the literature by bringing a field view that is unanswered.

Most of the literature focusses on the analysis of a specific aspect of a given portfolio and many researchers have theories on the “modus operandi” of an ideal brand portfolio. By recognizing that there is no perfect recipe for an efficient portfolio, this study aims at understanding factors in the decision process of managers handling large brand portfolios.

Literature Review

Brand Proliferation

According to a McKinsey (David Court, 2006) brand portfolios are growing at staggering rate across many industries. For example,

- Pharmaceutical companies have increased their average number of brands by 78 percent from 1997 to 2001.
- Beverage manufacturers have increased the size of their portfolios by 25 percent over the same period.
- Firms in the food / household goods sector added 81 new labels to their portfolios, pushing the average number of brands above 630.

In fact, over three-quarters of the 25 consumer of the Fortune 1000 to manage more than 100 brands, including sub-brands and line extensions (Sinclair, 2005).

«The rapid proliferation of brands has created a growing need for more effective brand portfolio planning, both to allocate more marketing resources toward brands that offer the greatest opportunity and to identify weaker brands that might vulnerable to the competition (S. Hill, R. Ettenson, & D. Tyson, 2005). »

The importance of branding is highlighted by many authors. Indeed, a strong brand can be a significant intangible asset for a company (D. Aaker, 1996; K. Keller, 1993). The proliferation of brands inside a company leads to new strategic considerations. Clearly the development of a brand portfolio is a strategic operation and orients business decisions. This process is crucial for all multi-product companies, because the goal is not simply to ensure that an individual brand is successful, but globally all brands are productive and well-coordinated. By avoiding confusion for consumers and by ensuring the internal effectiveness of marketing efforts, a well managed brand portfolio can build a competitive advantage for the company (Carlotti et al., 2004). Brand portfolio strategy is a complex and multidimensional phenomenon where, in practice and in academic literature, there is limited consensus (Morgan & Rego, 2009).

Developing Brand Positioning

Brand Relationships & Synergies

The link between brands defines the interaction, if any, between the different brands inside the portfolio (Sanchez, 2004). Brand synergy replies to this question: Is the sum of the brands is the portfolio superior to the sum of each individual brand? A good fit between brands in the portfolio creates positive synergies leading to a greater value of the whole portfolio. The evolution of the brand portfolio depends of the relationships between its brands. (D. A. Aaker, 2004; Petromilli et al., 2002)

Brand Portfolio Structure

Brand portfolio structure relates to the different forms of a brand portfolio identified by several authors. The two extreme sides of the spectrum are represented by a house of brands and a branded house. The brand portfolio also can take the shape of anything in between these opposites. (D. A. Aaker & Joachimsthaler, 2000; Devlin, 2003; S Laforet & Saunders, 2005; Olins, 1989)

All organizations that provide an array of products are confronted with strategic decisions of branding. That being said, a company can use a single umbrella brand for all the goods and services of the firm or, in contrast, it can use a standalone brand for its entire product offering. Finally, it can also be situated somewhere within the two extremes by providing a combination of independent brands and products beneath the parent brand: «All "multi-offering" organisations face a choice as to whether to use one single brand covering all products or services, a separate distinct stand-alone brand for each offering, or some combination of these two extremes.» (Devlin, 2003)

The term "brand architecture" was first adopted by Aaker and Joachimsthaler and refers to the approach to the organization and design a brand portfolio. Indeed, each brand within a portfolio should have specific roles and should not be in conflict with another brand: «An organising structure of the brand portfolio that specifies brand roles and the nature of relationships between brands» (D. A. Aaker & Joachimsthaler, 2000).

The authors use an analogy with the organization of a football team. Each player represents a brand and the playing field represents the map of the market. Each player has to cover a given territory and has a designated role and very specific targets. As in all sports teams, the coach must select his players and determine what position they have to play. Some players are stars, or super-brands, while others have minor roles and are support brands. In the winning teams, each player is assigned: a role where he is able to succeed, which he understands, and where he is prepared to assume his role. Similarly, the brands should be placed in roles that are appropriate and should have all the resources needed to succeed.

The ideal brand portfolio The typical brand portfolio

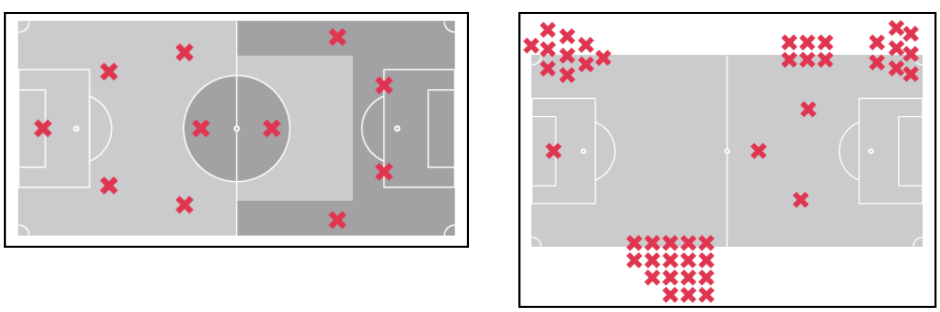

Figure 1: Playing Field (Aaker, 2004)

Other authors see the brand architecture more broadly. Rajagopal and Sanchez (2004) define brand architecture as a process of brand building that is shaped by past management decisions and reflecting the competitive environment of the industry: «The brand architecture of an organisation at any time is, in large measure, a legacy of past management decisions as well as the competitive realities it faces in the marketplace» (Sanchez, 2004).

Douglas and al. (2001) explain that the architecture of the brand portfolio is a process where managers must make choices about the integration, development, reduction, and repositioning of brands in the portfolio (S. Douglas, C. Craig, & E. Nijssen, 2001).

The brand structure is influenced by inherited firm specific aspects such as past management decisions, expansion strategies, organisational structure, but also by market dynamics that take into account competitors and channel members (S. Douglas et al., 2001; Sanchez, 2004).

In summary, brand portfolio structure is a photograph of the current state of the portfolio but it is also viewed as a process where managers take decisions on the future photograph of the portfolio. In other words, the process is about moving the portfolio from point A to point B by taking into account the current portfolio and external factors.

Brand Segmentation

Consumers are widely expected to fall into relatively homogeneous and recognizable subgroupings. The choice of segmentation can be done at the brand level, category or subcategory level. The lack or the surplus of segmentation between brands can identify strategic decision of the company. (Ehrenberg, Uncles,

& Goodhardt, 2004). Aaker's brand relationship spectrum offers insight on the different types of segmentation. Each brand in the portfolio should be positioned to reach its specific target on the market. It is counterproductive when the same brand is used across the same segment (D. A. Aaker, 2004).

Brand Associations

Brands can be created, managed or deleted according to the desired associations. Adding a new product under the same brand can be harmful if it's incompatible with the offering. For example, the Coca-Cola Company wouldn't offer beer under the same brand. Creating new brands can be done for owning an association. Brand associations help create the brand identity. In a branded house, one brand can carry several identities and vice versa. It's assumed that one brand shouldn't carry to many identities and that a single identity per brand is also counterproductive. (D. A. Aaker, 2004).

Portfolio Scope

Portfolio scope refers to the size of the brand portfolio in terms of the number of brands and their individual reach. While some authors prone larger brand portfolio in terms of size others expose the weaknesses of such portfolios (Morgan & Rego, 2009).

- Some businesses have a wide portfolio of brands while others have a smaller range. The highly diversified portfolios allow companies.
- to meet more precisely the needs and wants of heterogeneous consumers. (Bordley, 2003; Kekre & Srinivasan, 1990).

- to deter other companies from entering the market, which keeps sale prices higher (Bayus & Putsis Jr, 1999).
- to increase aggregate demand for the product category (Bayus & Putsis Jr, 1999).
- to attract and retain top brand managers and that they can benefit from synergies(market research, media buying, and tracking of brand equity) and sharing of knowledge in the field of brand management (D. Aaker & Joachimsthäier, 1999).
- to have more power relative to distribution channels and media companies (Putsis, 1997).

On the other hand, some firms favor a strategy where the brand portfolio has fewer brands, but with a broader interest for consumers. This strategy has many advantages:

- A smaller brand portfolio allows companies to achieve lower production costs where economies of scale are possible (Bordley, 2003).
- A smaller brand portfolio can lead to cost reductions for the design, inventory and the complexity of assembly (Bordley, 2003).
- Too many brands dilute marketing expenditure (Kumar, 2003).

For example, Diageo, the world's largest spirits manufacturer, sold 35 of its brands of alcoholic beverages in some 170 countries in 1999. Only eight of these brands: Baileys liquor, Captain Morgan rum, Cuervo tequila, Smirnoff vodka, Tanqueray gin, Guinness Stout, J&B and Johnnie Walker whiskey provided the company more than 50% of its sales and 70% of its profit (Kumar, 2003).

Some researchers have suggested that brand portfolios compromising a greater number of brands can enable a company to achieve more profit and can deter competitors from launching new brands (Bordley, 2003; Shocker, Srivastava, & Ruekert, 1994), while others emphasize the importance of efficiency and economies of scale regarding the manufacturing, distribution and advertising budget of a smaller portfolio (Bayus & Putsis Jr, 1999; Kumar, 2003).

The divergent views discussed in scientific papers are also reflected in practice where one can observe conflicting strategies regarding the scope of the brand portfolio for companies with similar resources in the same industry (Morgan & Rego, 2009).

While scholars have different views as to the number of brands in one portfolio, in the business realm some companies prefer a small portfolio while others, in comparison, such as Unilever are large: Unilever had 1,600 brands in its portfolio in 1999, which were distributed in 150 countries. Over 90% of its profits came from only 400 brands. Most of the 1200 other brands lost money or have marginally profited (Kumar, 2003).

According to Pierce and Moukanas (2002), the brand portfolios of several major companies contain discrepancies, redundancies, and a general lack of logic. One of the major explanations for this state of portfolios in companies is due to the numerous mergers and acquisitions that have contributed to the constant increase of brands in the portfolio. Today several of these companies are faced with difficult choices.

Assessing Brand Performance

Brand architecture audit

Brand architecture needs to be monitored closely and at least annually. A formal and comprehensive research on the structure of the portfolio and its brands should determine if a modification or a correction needs to be done. This formal audit should be executed on two levels. First, the firm needs to inquire on the performance of each individual brand. Then, an examination of the entire portfolio should be executed. The focus of the audit should be the deviations of the initial planning and, if so, the underlying problems (Sanchez, 2004).

In general, few firms have a person or a group in charge of reviewing the entire brand portfolio resulting in overlap and confusion within categories (D. A. Aaker, 2004).

Tracking brand portfolio with specific metrics

All brands should be evaluated with specific metrics and targets that can be calculated (S Hill et al., 2005). Developing a metric system to track brand across the entire brand portfolio is necessary. A measurement system needs to be established to gauge the failures and successes of the brand portfolio. The portfolio management system should enable the company to develop a strategic roadmap for each brand (Sanchez, 2004).

Growing and Strategically Managing the Brands

Managing the brand portfolio

Businesses with a brand portfolio must comply with two principal tasks:

1. Optimize the structure of the brand portfolio so that existing brands meet consumer preferences and improving sales performance.
2. Adapt the brand portfolio to changing market conditions and the strategic orientation of the company.

The first task requires constant monitoring of the brand portfolio in order to avoid cannibalisation between brands while strengthening synergies between the brands. The adaptation of a brand portfolio in an ever changing market environment requires portfolio managers to integrate the company's strategic orientations and information on the environment while engaging in some form of restructuring of the brand portfolio. Three options are available to these managers:

1. The reorganization of the brand portfolio by restructuring the positioning of brands.
2. Streamlining of the portfolio by deleting existing brands.
3. Developing the portfolio by the addition of new brands (D. A. Aaker, 2004; Petromilli et al., 2002).

Brand extension, recognized as any effort to extend a successful brand name with a new or a modified product, is generally viewed as the most common strategy when adding a new brand to the portfolio. It is estimated that around 90 percent of expansion activities of the brand portfolio involves brand extensions because of the lower risk and commitment associated with this strategic option. (D. A. Aaker, 2004)

Most authors agree that the creation of a new brand is the last resort strategy and should be avoided if possible. Indeed, a new separate brand is usually the most expensive, risky and difficult way to fill a gap in the brand structure. Furthermore, the constant addition of new brands in the portfolio complicates the brand architecture for both the company and the mindset of the consumer (Petromilli et al., 2002).

Aaker and Joachimsthaler explain that a new brand should only be considered: (D. Aaker & Joachimsthäier, 1999)

- When the value proposition of a brand can dominate its functional benefit thus creating and owning an association.
- If there is a significant innovation in a product. A radical change in the product or mental association of the product is needed.
- To create an offering that will avoid an association with the parent brand.
- In order to eliminate channel conflicts.
- In the process of acquisition and retention of a brand.

Intra-portfolio competition

Intra-portfolio competition refers to the extent to which brands within the same portfolio are competing with each other, in other words, if brands are positioned similarly and interest the same consumers. While some researchers argue that this type of competition negatively affects the overall performance of the portfolio, others say that there are several advantages (Morgan & Rego, 2009).

Researchers have divergent views on intra-portfolio competition. While some argue that this type of competition negatively affects the overall performance of the portfolio, others say that there are several advantages to this.

First, intra-portfolio competition can:

1. Create an internal market and boost sales for the entire product category,
2. Create barriers to entry for competitors, and,
3. mitigate the effect of consumers who are looking for variety of brands (Feinberg, Kahn, & McAlister, 1992; Morgan & Rego, 2009).

On the opposite, internal competition can create redundancies that lead to the duplication of marketing and administrative efforts and can lead to a cannibalization of company resources (S. Laforet & Saunders, 1994; Morgan & Rego, 2009).

Morgan and Rego explain that in practice there is little consensus on the use of internal competition within a brand portfolio. For example, Unilever marketed only two detergent brands in the U.S. (Wisk and All) while its rival, Procter & Gamble, operated seven brands of detergents (Bold, Dreft, Era, Gain, Ivory, Snow, Tide and Cheer) (Morgan & Rego, 2009).

Portfolio roles

To build the brand architecture effectively, it is necessary to determine the roles of each brand within the portfolio. This can be used a tool to take a system view of the portfolio. It includes a strategic brand, a linchpin brand, a silver bullet brands and a cash cow brand (D. A. Aaker, 2004).

Conceptual Framework

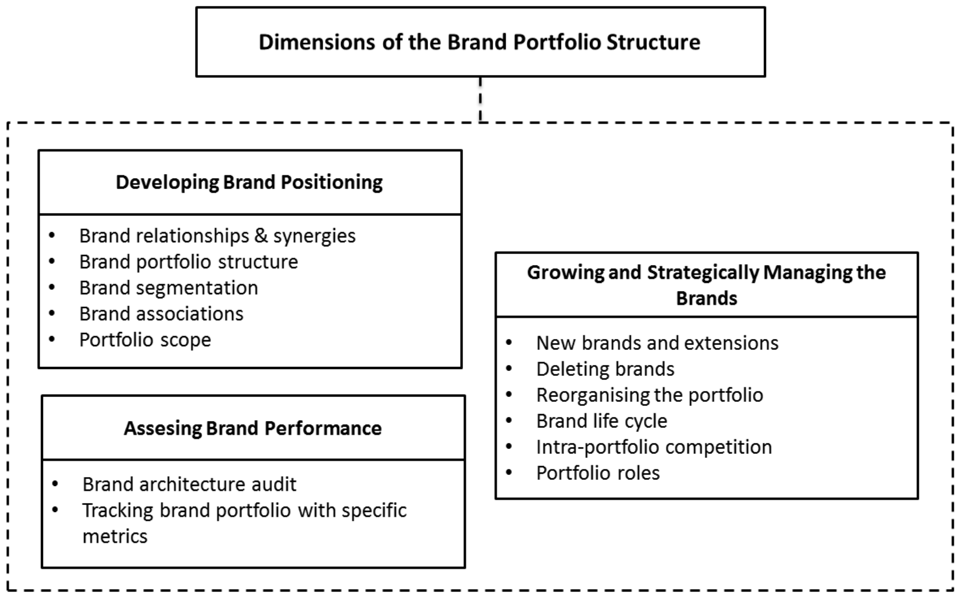

Figure 2: Model: Dimensions of a brand portfolio

The present model is divided in four distinct categories: (1) developing brand positioning, (2) assessing brand performance, and (3) growing and strategically managing the brands. The categories were identified as the important topics in the branding area that aligned with brand-management decisions and tasks frequently performed by marketing executives as defined by Kevin Lane Keller (K. L. Keller & Lehmann, 2006).

The conceptual framework was built by analyzing the main scientific articles in the field of brand portfolio management. The relevant articles were identified by researching the internet using search engines such as Google Scholar, Web of Knowledge, and ABI/INFORM. We only considered the articles that were dependable by looking at the journal's general ranking and the number of citations. Once we had a list of the most relevant articles of this field of study, we were able to identify the important and recurring themes in these studies.

Method

In order to collect the necessary data, the researcher interviewed senior brand managers, brand directors, and marketing directors in three large Canadian companies. These companies had in common a large brand portfolio with brands in the same product category. This data gathering process allowed us to get the best access to the how and why of managers' brand decisions.

As the purpose of this study is to explore brand portfolio managers' points of view regarding brand management, a qualitative approach was adopted due to its ability to obtain first-hand descriptions and opinions on the studied subject. The value of such a qualitative approach has become more apparent in marketing research over the past years for its ability to gain understanding of phenomenon that cannot be easily understood with quantitative measures (Gebhardt, Carpenter, & Sherry Jr, 2006). The new perspective studied in this research on brand portfolios led initially to an exploratory approach and we chose to perform several case studies of businesses with large brand portfolios.

Several authors agree that a methodology that uses a multiple case study brings a higher degree of robustness to the results. Considering that numerous companies manage a large brand portfolio the multiple case method is appropriate: «Next, the actual cases to study must be chosen. There are instances when it is only possible to conduct a single-case study design (e.g., a critical case, a rare case, or a unique case). However, evidence from multiple-case designs are more compelling and make the overall study more robust (Johnston, Leach, & Liu, 1999)». Yin (2009) explains that if the study is supposed to reveal a logic of replication, themultiple case study is relevant to support the theoretical framework.

Case Selection

Stake (1995) argues that the process of case selection is a critical step in a successful case study. Therefore, each case must be carefully selected. Each case must be complementary to one another. Indeed, the cases should be selected based on their similarities or their contrast relative to other. In addition, Johnston et al. explain that each case must be carefully selected so that it can support convincingly the theoretical framework.

Eisenhardt (Eisenhardt, 1989) emphasizes the importance of appropriate selection of cases. For this author, cases can be chosen for theoretical reasons (not statistical), to replicate previous cases, or to look for differences between cases situated at opposites but, in any case, it should'nt be randomly selected.

The selection of an appropriate population enabled us to define the limits of the study. Several criteria were used to delimit the population:

1. Ease of access
2. Number of brands
3. Size of the company

First, for the ease of access aspect, we limited the research with a geographic scope. Therefore, only Canadian firms were approached. Second, we wanted to study companies with a history and a complexity of brand management and its processes. Therefore, the population was limited to the top 500 Canadian companies by revenue. Lastly, the size and the nature of the brand portfolio were considered. More specifically, firms needed a large enough brand portfolio and it had to consist of brands in the same product category. For example, Canada largest telecommunication firm, BCE, has three major brands: Bell Mobility, Bell Internet, and Bell TV. A business with three brands that consisted of three separate strategic business units with little ties between them was discarded from the population. This was important because we are studying the processes of brand management and a decision affecting one brand has little repercussion on the other. The size of the brand portfolio is central because the major theme of this study lies in the organization of brands in a portfolio. A company with few brands is therefore less relevant for this study.

Participants Selection

Interviews were conducted with managers who are responsible for decisions across the brand portfolio. For example, this may include a marketing director, a brand manager of the organization, or a manager involved in analysis and who makes recommendations on the marketing strategy. The identification of respondents was conducted by searching the web, personal contacts and requests for information by e-mail directly to the organization. To recruit respondents, the researcher contacted these people directly by email or by phone. In total 5 interviews were conducted. We interviewed 2 senior brand managers at Nationix which both handled several leading national brands of the industry. Also, we interviewed 1 brand director and brand managers at Corata which together reached 7 of the 8 national and international brands of the company. And finally we interviewed the marketing director at UGGA in charge of all the brands in the portfolio.

Case Analysis

The analysis and treatment of qualitative data is one of the least developed aspects of the case study method and it can be performed in several ways (Yin, 2009). Johnston et al. (Johnston et al., 1999) explain that a major weakness of case studies is the internal validity. In order to answer this shortcoming, it is important that the data is validated. One of the strengths of the case study method is the ability to use various sources in order to confirm the data collected: ”The issue of internal validity is addressed through an assessment of whether there is appropriate converging evidence to support triangulation (Johnston et al., 1999)”.

We conducted data triangulation to add value to the collected information in the interviews. The sources of information used in the triangulation are both quantitative and qualitative. As Bonoma (Bonoma, 1985) explains, to obtain an overall view of the phenomenon, we used financial data, market data, and data on the competition. The case studies rely on the theoretical framework as a guideline for the analysis. This allowed us to guide the analysis from the theoretical framework and helped the research team to concentrate on data related to the important themes while ignoring the other information (Yin, 2009).

Concretely, the interviews were recorded and then transcribed word for word for analysis using Nvivo 7.0 software. In order to reduce the amount of data, the transcriptions of the five interviews were coded in different blocks representing the different variables of the framework.

Cases

Our approach aims to identify with a set of case studies in the consumer goods industry, the lines that structure the operational and strategic thinking of managers on their brand portfolios. Three companies with different brand structures are studied.

All 3 are financially successful and growing companies in relatively stable and mature industries.

Nationix

Nationix is in the world's top five of its industry. It generates revenue of over 6 billion dollars and declared profits of over 700 million dollars. The company was founded over 250 years and employs 10 000 people. It has 12 major brands in Canada and several international brands.

Corata

Corata is a company that debuted in the 1970s and is now present in over 60 countries. This private company generates over 1 billion dollars in revenue and employs over 10 000 employees. It has eight main brands which most are distributed worldwide.

UGGA

UGGA is a company that has 15 billion in revenue and over 85 000 employees in North America. It declared over 200 million in net income. It has 6 major brands in the market.

Results

In this section we present a table for each of the determinants with the relevant quotes from the collected data.

Brand Relationships & Synergies

The link between brands in a portfolio retains the interest of managers, particularly when it affects the corporate image and cannibalisation within the brand portfolio.

«We want to show the links between some of the brands, but not all. In general, we want to show that the brands that belong to Corata are part of the same group, except for Little Fve. For Little Fve, our research shows that Corata didn't correspond to what the consumer expected in terms of product offering, customer service, and store design. Therefore it was important to dissociate itself from Corata» (Senior Brand Manager at Corata).

Managers are concerned not only by the image of one brand in the portfolio but how it links with the parent brand and the other brands in the portfolio.

«The Nationix X brand didn't necessarily have a positive impact on the other brands in the portfolio because it didn't achieve a threshold high enough to affect the perception of Nationix Y, for example. But Nationix X had a positive impact on the corporate image» (Senior Brand Manager at Nationix).

All the managers claim that synergies exist between the different brands of the portfolio. The identified synergies usually lie in in costs related to the production or the distribution of the products. None of the managers identified clear marketing synergies between the brands. In certain cases, the possible, and relevant, brand synergies are identified after the new brand is launched.

«During four years the new brand made no profit. Little Fve could not live independently of the Corata group. Little Fve is also an incubator in terms of design and look for the other brands» (Senior Brand Manager at Corata).

Overall, brand relationships retain the interest of managers particularly when it comes to how the brands interact with each other.

Brand Portfolio Structure

Although the structure of the portfolio is immensely discussed in the literature, managers do not look at this aspect. The structure of the portfolio isn't planned in advance but rather is the result of individual decision such as launching new brands, acquisitions and deletions. The brand portfolio structure reflects the point of view that brand portfolio structure is a process. Furthermore, we realise that the structure of the brand portfolio is a heritage that the brand managers have to cope with.

«In the retail business there is a lot more reaction than pro-action. It's a business model that changes really fast. It all started with Corata. The decisions to create other trademarks are the decisions arising from business opportunities. For example, Corata Stoney was created because there was an opportunity in the mall to have another location and he could not open another Corata» (Brand Director at Corata).

Brand Segmentation

Brand segmentation is at the heart of brand portfolio managers; concerns. In every case, the differentiation between the different brands was one of the major challenges for a healthy brand portfolio. Brands are a reflection of the segmentation process of the company. For most, the brand identity was at the heart of the portfolio strategy and was what permitted them to distinguish their different brands.

«From a strategic perspective, the typical of customer at Corata begins at Call It Spring, then he evolves and shops at Corata. And finally, he finishes at Locale. This was the primary objective. All the attributes of the product fetched this market segmentation» (..) «The biggest challenge for Corata is to maintain the distinction between its brands in the portfolio. So the question is how to keep a similar product in all three brands but at a different price level without creating cannibalization. A part from Corata Cheap, the distinction between brands is not clear. We need a clear vision and objectives for each brand and that the attributes reflect this reality» (Brand Director at Corata). Clearly defining different segments for each of the brands in the portfolio is important.

«I need to ensure that the strategy of each brand is different enough not to crush the other. We can target the same consumer, it's not a problem. We must address a range of opportunities where the consumer is going to consume our product» (Senior Brand Manager at Nationix).

Brand segmentation has an important role in defining the differences between the brands. This process is crucial as it allows the brands to coexist in the same company.

Brand Associations

What distinguishes the different brands of the portfolio isn't the product offering but rather the brand associations that forge the identity of the brand in the consumer's eyes.

«Two similar brands in terms of brand identity don't exist. Two brands that are similar in terms of pure product offering, yes» (Senior Brand Manager at Nationix).

The brand associations define what the brand stands for and helps create differentiation between the brands in the portfolio.

«Corata, at its base has never been clearly a defined idea. It was clearly defined in terms of product positioning but not in terms of idea and a simple concept. It is defined in contrast. If you look at the other sub-brands of the group such as the banners of Little Fve, First, or Terra, they are defined by opposition of the parent brand (Corata)» (Brand Director at Corata).

Portfolio Scope

Portfolio scope is not a criteria used for managing a brand portfolio, it's a result. Smaller and weaker brands sometimes won't get any marketing expenditure or attention within the company. Therefore, the scope of brands doesn't necessarily reflect the complexity and size of managing the brand portfolio. Furthermore, brands are often grouped under a single brand manager.

«It is obvious that all these brands dilute investments. Before, consumers consumed one or two brands, now consumers consume much more. (…) We have an increasingly larger portfolio. We have 11 or 12 brands that are supported at the national level with marketing investments. It is certain we will always try to do more with what we have» (Brand Director at Corata).

To managers, portfolio scope is more or less a theoretical concern as it doesn't have weight in how managers actually make their decisions.

«From the standpoint of distribution, yes, there are perhaps too many brands. From the perspective of marketing, no. From the perspective of financial resources, we must find the right balance. It is certain that at some point finding needs to find needs may not be optimal. We must look at the extent of the need and its size»

Brand Architecture Audits

Brand architecture audits aren't carried out. Brand evaluations are done on an individual basis. The portfolio, as a whole, isn't audited. An examination of the structure of the portfolio is more or less informal. Marketing directors use the individual brand assessments to obtain a general sense of the internal portfolio.

«Q: Do you use a dashboard, or other management tools to monitor your brands? A: It depends at what level (…) for marketing / branding, not really. At an operational standpoint, definitely» (Brand Director at Corata).

Brand audits are not widespread. Sales analysis is a major guideline when it comes to evaluating the strength or the weakness of a brand. Rarely are the relationships between the brands considered.

Although it’s only every 5 years, only at Nationix managers take a bird’s eye view at the positioning of the brands in the portfolio.

«We conduct brand repositioning every 4 or 5 years. We look at the brand and conduct an in-depth analysis on its positioning to see if the brand is always in the right place. Each year, the brand is adjusted during the creation process, but every four or five years we take a deeper look at the brand» (Senior Brand Manager at Nationix).

«Brand Watch is an annual audit. It allows us to take a reading. Besides, this is not something that changes dramatically from one year to another. There are rarely differences» (Marketing Director at Nationix).

Tracking the Brand Portfolio with Specific Metrics

Sales and operational information is abundant. Most of the companies evaluate the perceptions of consumers on individual brands using both quantitative and qualitative data.

«To be honest we only looked at the P & L. In the retail trade, it’s recent that marketing has taken a bigger place. At the base, we are a company that evolved in operations management. (…) Our product offering always drove the decisions» (Brand Director at Corata).

«It's called BrandWatch. This is a photo of the brand. We do this on an annual basis using quantitative and qualitative data. What is the most innovative banner, who has the greatest leadership? Data is collected with surveys of customers but also with specific segments of consumers and the clientele of the competition» (Marketing Director at Nationix).

New Brands and Extensions

Managers are always on the lookout for opportunities for growth. Adding brands to the portfolio by launching new ones and extending existing ones is common.

«However, adding brands is something quite common. Every two or three years» (Senior Brand Manager at Nationix).

«Yes, we launch new brands. Our portfolio is more and more extended. But it is certain that we will always try to do with what we already have» (Senior Brand Manager at Corata).

In most cases, brand extensions are used for its traditional use, to profit from the brand equity of the mother-brand. At Corata, it is the opposite, the brand extensions are used to increase the brand equity of the mother-brand.

«Corata Extra was born from the need to create a brand with more credibility within a specific community, which is the fashion community. (…) It was found that the best platform to do so was to use a brand that partnered with the participation of the fashion community and brings us a halo around our product offering. So we used emergent designers as a lever for the brand extensions» (Brand Director at Corata)

Brands and their extensions are sometimes under the same management.

«For us UGGA and UGGA+ is the same banner. There is no difference in the plans for both. The only thing is that some UGGA do not have the same variety» (Marketing Director at UGGA).

Deleting Brands

Removing Brands from the Portfolio is usually a result of underperformance and is rarely attributed to a rationalization process.

«Companies are too quick to want to remove underperforming brands. At Nationix, we try to support the brand as long as possible» (Senior Brand Manager at Nationix).

«Removing brands in the portfolio is a fairly easy process. At some point, when you realize that profitability is not there and that there is a lack of consumer interest… When we research and we refine the positioning of the brand and that this has no result we take a step-back» (Senior Brand Manager at Nationix).

When two brands are too similar to each other managers consider merging them.

«In fact, when looking at Bonus, UGGA and Tyrop: they have a very clear positioning. For the Dod brand, it's a bit more ambiguous. For example, it is possible that eventually the Dod brand will be renamed under Bonus. It is an idea of streamlining the banner. Marketing plans are already being applied in Bonus are the same for Dod. So for us it's the same kind of business model under different names» (Marketing Director at Nationix).

Reorganising the Portfolio

Reorganising the portfolio is linked with brand equity. Managers reorganise their portfolio when they can identify savings in marketing expenses.

«Is it necessary to create a brand from scratch? It takes a lot of investment because you have to build equity in a particular for the mass market. It takes a lot of investment to build a brand from A to Z while starting on a brand that already has equity» (Senior Brand Manager at Nationix).

«We launched a banner called Natriga, which was for organic and natural products. Two years later we acquired Tyrop. The brand equity of Tyrop was much greater because it was a brand that has existed for 20 to 25 years and had more potential. Therefore, the Natriga brand disappeared» (Marketing Director at UGGA).

Brand Life Cycle

The brand life cycle is context-specific depending on the industry and the historic value of the brand. Older brands, because of their heritage, are never considered in a cycle.

«We do not see that our brands have a life cycle. It passes through several phases. Previously, this brand had 50% market share in the 50s and 60s. It is not like that today because at that time there were only 4 brands and today there must be at least 150. We felt that it was the perfect timing for a repositioning.» (…) «There are two trends. First, the old brands are rather stable. Brands like Nationix Y, Nationix Z are very stable brands. Second, the new brands follow the same life cycle as a normal brand would» (Senior Brand Manager at Nationix).

Intra-Portfolio Competition

Intra-portfolio competition is directly linked to segmentation.

«For our new brand there was very little cannibalisation. We didn't see a decline. The only problem is that we had the same product in different divisions. From a brand manager's standpoint that is something very bad. (…)So the question is how to keep a similar product in all three divisions but without creating a price dispute and without cannibalization» (Senior Brand Manager at Corata).

Segmentation and positioning is the concern for managers, intra-portfolio competition is the result of bad positioning.

«There is no intra-portfolio competition because the Nationix brands complement each other and the other brands have different positioning's» (Senior Brand Manager at Nationix).

Intra-portfolio competition plays a little role according to all the informants and is certainly not a factor in brand management decisions. In all three cases, very little attention is dedicated to this aspect. Interviewees declared that id that there was any competition it was of no concern.

Portfolio Roles

Portfolio roles play a minimal role as a determinant in the brand portfolio structure.

«We tend to invest in the biggest brands even if they are not the most profitable. The challenge is to balance between market innovations and the big brands, and the cash cows» (Senior Brand Managers at Nationix).

Discussion and Conclusion

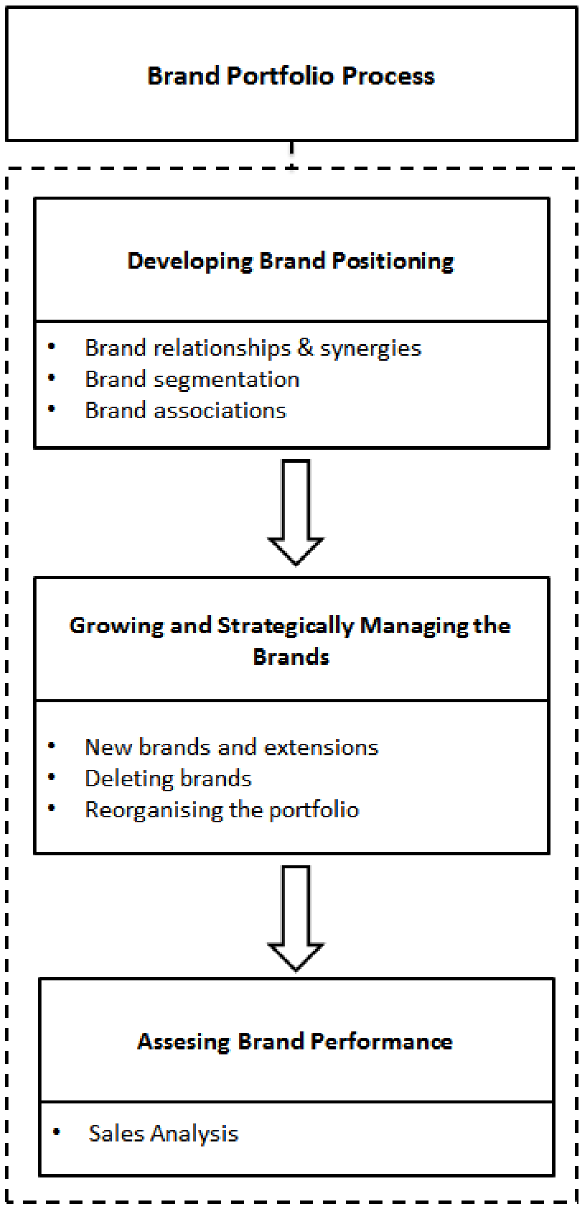

Figure 3: Revised Model

The literature in this field touches a wide range of aspects of brand portfolios. The results of this study indicate that brand portfolio structure is a process in three stages. Firstly, managers develop the brand positioning by focusing on three precise determinants; brand relationships and synergies, brand segmentation, and brand associations. Then, managers consider the three main strategic options identified in the literature; launching new brands and extensions, removing brand form the portfolio and reorganising the brands. Finally managers evaluate the brands individually using a wide range of metrics with a strong focus on the profits and losses and other related sales metrics.

The case analysis uncovered that brand managers have an appetite for growth in sales and in profit. Their role is to find opportunities in the market and exploit them. This conclusion reflects the phenomenon of brand proliferation. Although managers tend to agree that they ‘are too many and overlapping brands in the portfolio, they claim it is «something on which we need to reflect». Unless the company is losing money, very little rationalization takes place. The individual objectives of managers are often to find opportunities for growth along with the corporate objectives of increasing profit in a short term horizon.

Overall, the main determinants of the literature that concern managers are:

- Brand associations
- Brand segmentation
- Brand relationships & synergies
- Managing the brand portfolio
- Launching brands and extending existing ones
- Removing brands form the portfolio
- Reorganising the portfolio

Although each company has their own particularities, history, corporate culture, and management style, we can come to some general conclusions. Managers will quickly remove brands that are unprofitable but are slower to remove brands that overlap and that don’t fit with the portfolio. Companies are always looking for ways to grow profits and sales, it’s their primary concern. Fragmenting consumer needs, pushes organizations to launch new brands. Very few, take a step-back, via a formalized process where the entire brand architecture is analyzed. «We needed to find the need in the market and find how to counter-attack the competition. We needed something different. Therefore, we look at the opportunities in the market, we look at the segmentation, and finally we look how we stand in relation to the others» (Senior Brand Manager at Nationix).

With Nationix there is a focus on differentiating by associating the brands to different consumption occasions. Hence, there is a major focus on segmentation and brand associations when taking decisions that affect the brand portfolio. Nationix also looks for synergies between the brands but by launching and re-launching new products that share the parents brand name its objective is to boost the corporate image of the company to investors more than to consumers.

On the other hand, Corata is reluctant to show consumers that all their brands belong to the same parent company, although they communicated all the brands for recruitment purposes. The objective of that strategy was to keep the sub-brands as differentiated as possible so that it wouldn’t create any confusion to the consumer. The managers at Corata explained that there wasn’t enough differentiation between their brands. Their primary concern was the segmentation of the brands inside the company. Since similar products were sold under different banners it was very important to maintain a unique brand positioning for each of those banners. Therefore, all brand building activities at Corata had a focus on creating different brand associations. Furthermore, the brand director was unhappy with the result clarifying that a new brand had to be suppressed partly due to a lack of differentiation between the other brands of the parent company.

UGGA was the only case was the different brand offering was differentiated mostly by the product offering. This was a challenge for the parent company because, with time, the different banners tend to sell the same products. When a product is popular or a best-seller, it was pushed to all the banners for obvious reasons. UGGA was considering suppressing a brand that had a product offering to similar to another brand. According to UGGA, larger brands, those that have a larger scope, allowed better performance.

All three cases had complex brand portfolio structures. In all three cases the brand structure was a gradual and relatively slow evolution from one brand to a multitude of brands including extensions and sub-brands. Over the years, these three businesses gradually expanded by launching new brands, extending existing ones and acquiring competitors.

Although UGGA conceded that it had a formal weighting of the brands each year, all three companies were tightly connected to the financial performance of the brands. Before looking at any aspects of the portfolio, sales were taken into consideration. Year-to-date growth, profits, and revenue were in all cases the primary driver of decision concerning brand portfolio management. This is contrary to Aaker, and other authors, point of view where the brand portfolio is comprised of a team of players and each brand has a role to play. In reality, these companies are essentially looking for star players that give out a strong performance. The theory where brands are a team and that the result of the sum of their efforts is the global outcome doesn’t correspond to what managers are saying. The focus tends to aligned with growth and profits on individual brands.

The objective of this research was to identify the how and the why of the decisions of managers regarding the management of a brand portfolio. The benefits of this new model are multiple for the managers involved in the in the brand portfolio

- Provide an overview of the process resulting in the structure of a portfolio,
- A better understanding of the elements that can influence management decisions, and,
- Understand the variables that managers have an impact on.

Limitations and Future Research

The entire data collection, coding and analysis of the study was conducted by one researcher which may cause some unintended bias.

- The findings of this study are restricted to Canadian companies.
- The exploratory nature of the research and the type of data collection uses a small number of respondents.

One of the principal limits of this study is the fact that only five interviews were used and only in three companies. This has a major impact on the validity if the results.

The literature indicates the importance of brand portfolio management for a company's success and the increasing interest in brand portfolio management has heightened the need for more research in this field. The data also identified new questions that deserve the attention of scholars to improve the understanding of the discipline. Research aimed at understanding the impact of organizational structure on the brand decisions. For example, having several brands under the responsibly of one manager can vice-versa could lead to different brand management decisions?

Annexes

Interview Guide

SUMMARY OF PARTICIPANT'S PROFILE

NAME	
FUNCTION	
COMPANY	
DATE/TIME/CITY	

INTRODUCTION

The objective of the current research is to gain better understanding of the decisions regarding brand portfolio management. More specifically, the research will focus on the factors that influence the global performance of a brand portfolio. Furthermore, brand portfolio value creation and maximization strategy will be explored. The results of this research will be used in a master thesis and can eventually be published in one or more scientific articles. The research will cover issues related to the brand portfolio management and how you company organizes and optimizes its portfolio for maximum performance while addressing the current trends in the industry.

Please be assured that the information collected will be treated in a confidential manner. The HEC Montreal Research Ethics Committee has ruled that the data collection linked to the present study complies with research ethical standards affecting human beings.

Please feel free to answer the questions frankly. The researcher, together with all the other members of the research team, if applicable, undertake to protect the personal information obtained by ensuring the protection and security of the data gathered from participants, by keeping their recordings in a safe place, by discussing the confidential information obtained from the participants only with the members of the team and by refraining from using in any manner data or information that a participant has explicitly requested be excluded from the set of data gathered.

I would like to remind you that your participation in this research project should be completely voluntary. You may refuse to answer any of the questions. The purpose of this interview is to get your point of view on the topic and that there is no right or wrong answer. Before starting, please read and sign the consent form.

INSTRUCTIONS

I am looking for the "why" and "how" for each question. If a specific question doesn't apply to your business context, please notify me so we can focus on the topics that are related to the activities of your organisation.

PARTICIPANTS PROFILE

- What is your position at ________________________?
- What are your responsibilities?
- For how many years did you hold this position in the organization?

- What is your specific role in the planning or the management of the organisations brand portfolio?

PART I – BRAND PORTFOLIO ASSESMENT

- What is the importance of brand portfolio strategy in regards to your general marketing strategy?
- Tell me about the objectives of you brand portfolio strategy? Do these objectives vary depending on the targeted market or geography? For each objective that you have mentioned, please list different strategies that you can use toward your goal?

Brand structure

- How many brands does you organisation manage? Do your brands target multiple segments or multiple markets?
- How did the company develop the brand portfolio (historically)? Acquisitions? Sub-brands? Etc..
- Has your firm ever considered or made any brand consolidation? If so, why?
- Do your brands fit with the type of positioning and associations you want your brands to have?
- What is the current state of the brand portfolio? Are there too many brands? How are other brands in the portfolio positioned and targeted? Are some of your brands complementary, competitive or incongruent?
- How do brands perform against desired attributes? Is their positioning clear and effective? Is there a categorisation of brands? If so, how are they categorized?

- Should existing brands be deleted or given a greater or lesser influence in existing contexts? Should new driver brands or sub brands be created?
- Are some brands overextended? Are their images being jeopardized?
- Does your organisation use endorsed brands or sub brands? If so, what are the advantages of using an endorsed brand?
- How does your endorsed brand relate to the master brand?
- What is the optimal number of levels in the brand hierarchy?

Brand roles

- Which brands are the strategic brands (that is, brands representing substantial future profits?)

Managing the brand portfolio

- Does your organization have a formal process for evaluating individual brands? What is the importance of P&L?
- Is the decision-making process centralized or de-centralized?
- What is the process by which a brand or subbrand gets added to the portfolio? Which criteria are used?
- How does the brand structure fit with the organizational structure?
- If a brand portfolio scorecard was created for your company, what factors and criterion would you use to evaluate the global performance of the portfolio?

DESCRIPTION OF A SUCCESS CASE

- Please give an example of a case (brand) that has succeeded or been deleted in the portfolio and explain how this was achieved?
- What were the objectives? Where did the brand position itself relatively in the brand portfolio? On the targeted market? To its competitors?
- What were the results?

CONCLUSION

- Who is accountable for branding practices and standards? What are the political realities behind brands in your portfolio?
- Are you satisfied with the overall positioning and performance of the brand portfolio?
- Do you receive external help from a consulting firm for the planning or the implementation of brand portfolio strategy?
- Would you like to add any more comments on the topic?
- Do you have any questions?
- Thank you for your time.

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