Managing brands

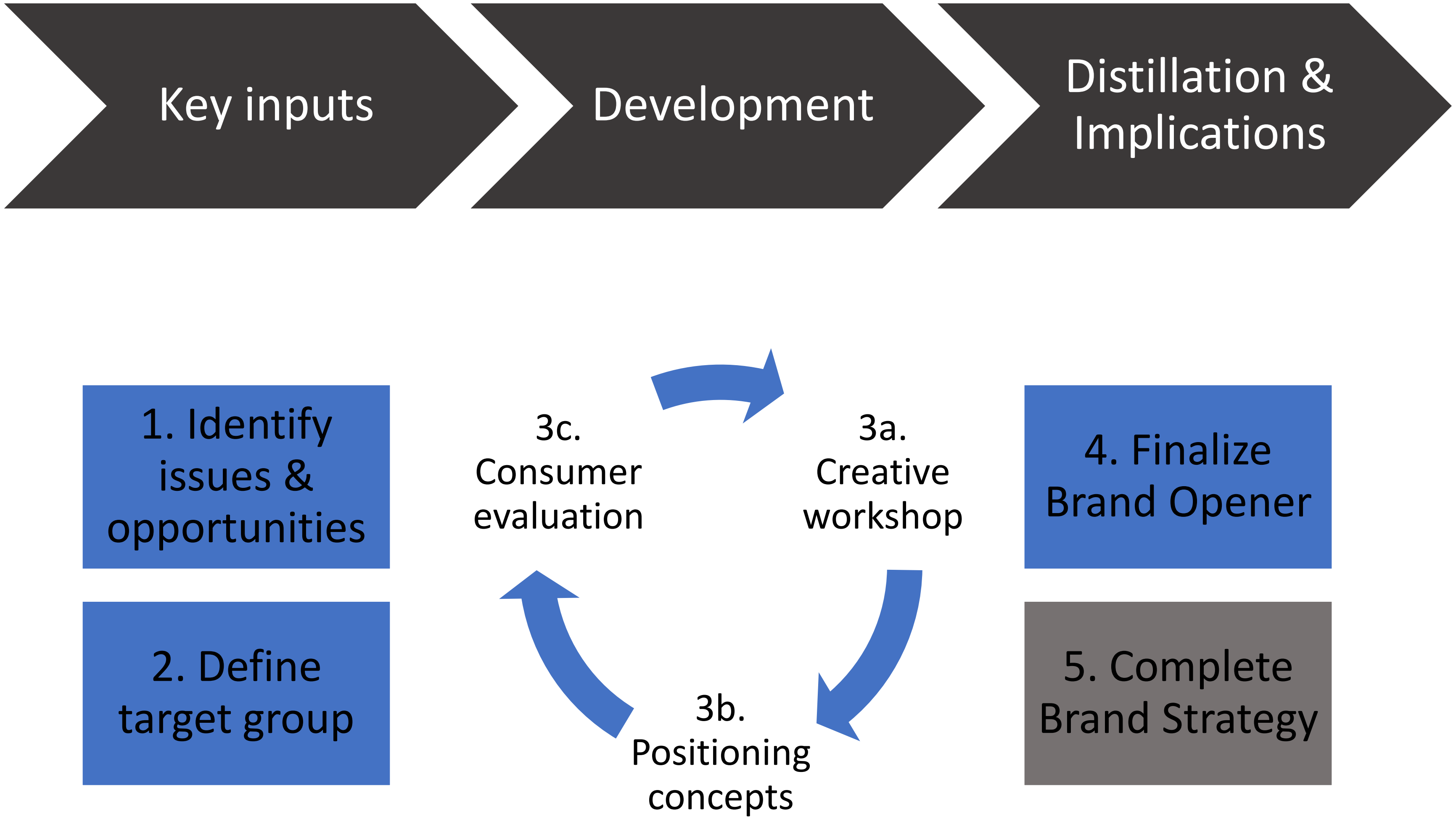
Lecture 9 – Brand strategy

By Zamira Ataniyazova

Agenda for today:

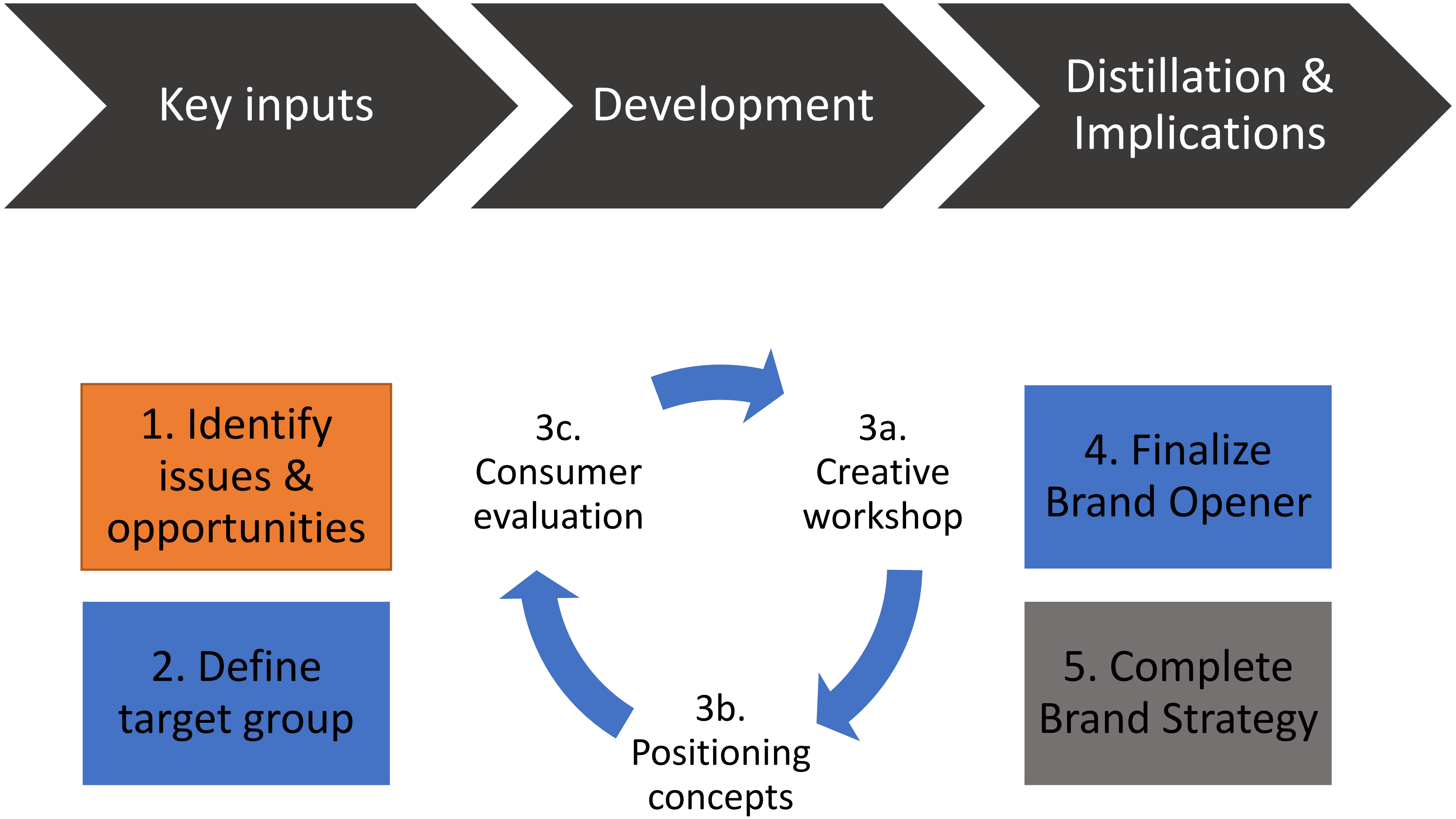
- Process of developing brand opener
  - Identify issues and opportunities
  - Define target group
  - Finalize brand opener
  - Complete brand strategy

The process for developing Brand Opener



Source: Adopted from workshop carried out by brand learning

The process for developing Brand Opener



Source: Adopted from workshop carried out by brand learning

Step 1: Summary of the Tools and Template

1.1 Macro environment, need-state and competitor review

1.2 Brand funnel bottlenecks tool (covered)

1.3 Funnel bottlenecks diagnostics questions (covered)

1.4 Brand issues/ opportunities output template

Source: Adopted from workshop carried out by brand learning

Role of each tool

- Use tool 1.1 to capture the context for the brand

Topic	External	Internal (within organization)
Context	• Regulations • Legal • Taxes, etc	• Culture • Organization • Competencies
Category	• Category trends • Pricing trends	• Category strategy (for Kvass – attract younger non-beer drinkers)
Consumer	• Consumer/ shopper needs • Purchase drivers/ buying criteria	• Brand Funnel Development • Brand Health/ Equity • Target groups
Channel & Customer	• On/off trade trends •Customer needs/ buying criteria	• Channel performance • Distribution
Competition	• Competitors performance	• Performance vs. competition (volume/value share, awareness, etc)
Contribution	• Benchmark	• P&L vs. other brands within company

Source: Adopted from workshop carried out by brand learning

Category trends

Answers should come from observations and secondary research

Category	• Category trends • Pricing trends	• Category strategy (for Kvass – attract younger non-beer drinkers)

Innovation

"Research from Innova shows three in five consumers are "interested in trying new sensory experiences (e.g., aromas, tastes, textures, colors, sensations)," with the younger generations leading the demand for such flavor experiences. "

Modern nastalgia

As many of us have experienced ourselves this year, times of unease, unrest, and uncertainty drive consumers to seek comfort in foods that remind them of happier, less turbulent times.

Eco?

Pricing trend – cashback?

You can read other trend examples here:
Edlong, 2021, *Top 7 Food Industry Trends For 2021* [Online]. Available from: https://www.edlong.com/top-7-food-industry-trends-for-2021/

Consumer

Consumer	• **Consumer/ shopper needs** • **Purchase drivers/ buying criteria**	• **Brand Funnel Development** • **Brand Health/ Equity** • **Target groups**

Answers come mainly from the qualitative research (you can do additional secondary research)

Answers come mainly from the quantitative research and partly qualitative

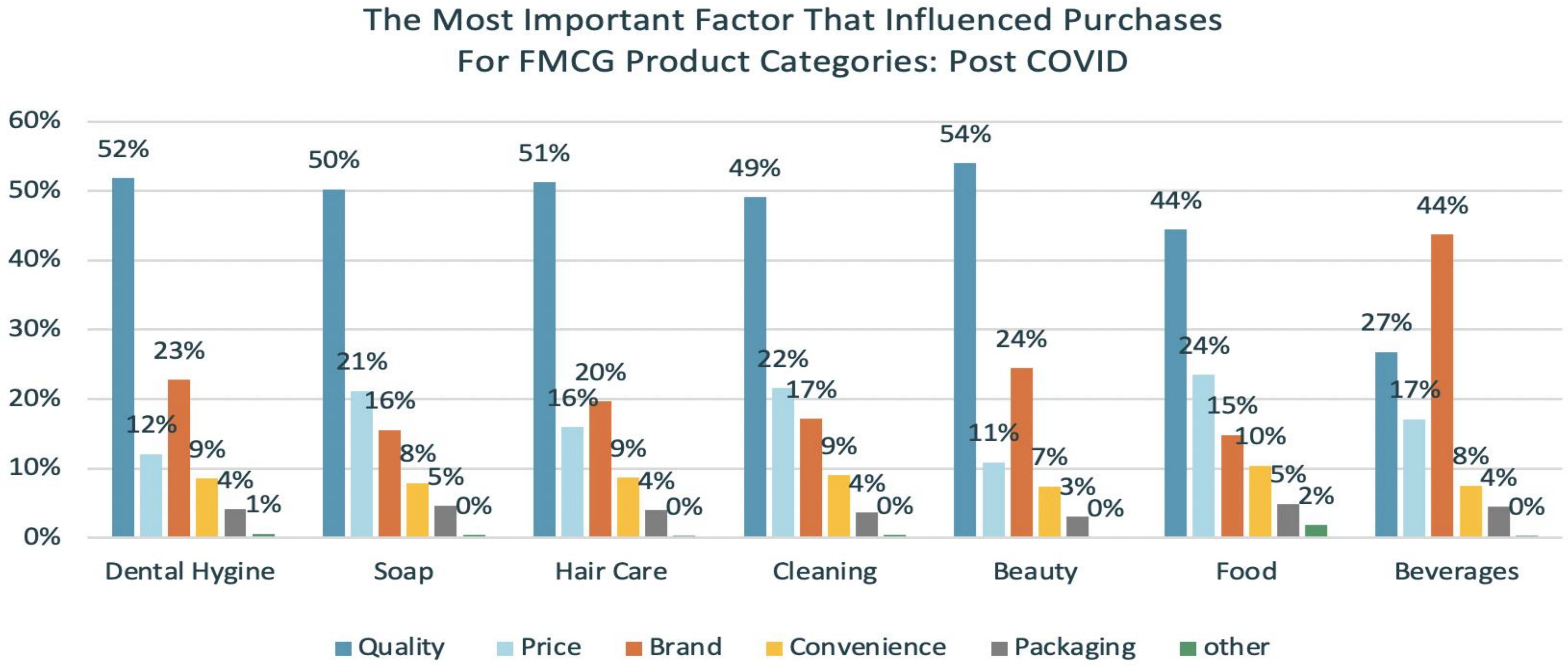
Healthier option?

$

Aroma

How healthy is your brand?

Source: Adopted from workshop carried out by brand learning



Source: MCCROCKLIN Sh., 2020. Drivers of FMCG Purchase Decisions in Kenya Before and During COVID-19 [Online]. Available from: https://www.geopoll.com/blog/fmcg-purchases-kenya-covid/

Channel and customer - examples

Channel & Customer	• **On/off trade trends** • **Customer needs/ buying criteria**	• **Channel performance** • **Distribution**

On – trade (HoReCa)

Off – trade (shops)

What are the best places for your brand to be sold in?

Source: Adopted from workshop carried out by brand learning

Competition

Competition	• Competitors performance	• Performance vs. competition (volume/value share, awareness, etc)

If competitors are doing better, why is that?
If your brand is the market leader, why is that?

Source: Adopted from workshop carried out by brand learning

Role of each tool

Source: Adopted from workshop carried out by brand learning

- **Use tool 1.2 to capture key usage data brand and competitor brands**

Awareness → Consideration → Trial → Occasional use → Loyalty

Brand	%		%		%		%		%
A									
B									
C									
D									

% who convert to next stage

Was covered in previous lectures

Role of each tool

- **Use tool 1.3 as a prompt to ask some diagnostic questions**

Awareness	Consideration	Trial	Occasional use	Loyalty
Is your key issue low Awareness – why is this?	Is your key issue low Consideration – why is this?	Is your key issue low Trial – why is this?	Is your key issue low Occasional Use – why is this?	Is your key issue low Loyalty – why is this?

Was covered in previous lectures

Source: Adopted from workshop carried out by brand learning

Role of each tool

- **Brand Health Check**

1
Define the characteristics of healthy brands

Know what characterizes strong Brands, so you know what to look for before you start

2
Diagnose Brand

Within each characteristic, know the diagnostic questions to ask, and information sources to use, to assess your own brand

3
SET KPIs

Identify key strengths and weaknesses to focus on and set KPIs to guide and monitor Brand marketing mix strategies and plans

Take findings from your brand tracking study and put KPIs to reach for the upcoming year (assuming if you implement your 1 year brand plan)

Source: Adopted from workshop carried out by brand learning

Role of each tool..

- Use Tool 1.6 to pull it all together and identify the key issues/ opportunities facing the Brand

	Key findings	Implications
Macro environment, Need state, Competitor Review	What are the 2-3 key most significant findings?	What are the key implications for Positioning?
Brand Funnel Bottleneck Diagnosis	What are the 2-3 key most significant findings?	What are the key implications for Positioning?
Brand Health check	What are the 2-3 key most significant findings?	What are the key implications for Positioning?
Brand GBC issue	What are the 2-3 key most significant findings?	What are the key implications for Positioning?

Core brand issues/opportunities

7Cs Implication tool – External scope

Topic	External: Latest data / Past performance evaluation	Findings	Implications
Context	• What regulatory, legal, economic factors might influence our performance? • How will this affect our long term brand strategy? • How will this impact delivery of the commercial targets?		
Category	• What are the trends within the market and the category? • What is driving this? • What are the key category drivers? • How will this impact delivery of the commercial targets? • What are the pricing trends in the market and the category? • What is driving this? • What impact will this have on our GBC aspirations?		
Consumer	• What changes are developing in consumer needs? • What is driving this? • How are our key competitors performing across the funnel? • What is driving this?		
Channel & Customer	• What are the trends within the channels? • What is driving this? • What trends are occurring within our customers? • What implications will this have? • Which are the key customers by channel? • How are our competitors performing across the channel mix? • What distribution do key competitors have in key customers?		
Competition	• How are our competitors performing – volume, value, share • What is driving this?		
Contribution	• What can we determine about our competitor P&L performance (based on intelligence)? • What implications does this have for us		

Source: Adopted from workshop carried out by brand learning

7Cs Implication tool – Internal scope

Source: Adopted from workshop carried out by brand learning

Topic	Company's Internal: Latest data / Evaluation of performed initiatives/activities	Findings	Implications
Context	• What cultural, organizational, capability factors might impact our performance/initiatives? • How will this affect our ability to deliver our commercial targets and LT brand strategies? • What internal competencies can we take advantage of?		
Category	• Is our category strategy aligned with market trends? • How does this impact delivery of our commercial targets? • How does our pricing compare to key competitors? • What is driving this? Any implication from our initiatives? • How will this affect delivery of our commercial targets and LT brand strategies? • What is our price elasticity?		
Consumer	• How well does brand/portfolio meet changing consumer needs? • How are we performing across the funnel? Where are our key bottlenecks? What is driving this? – Brand Awareness and Trial are the key bottles currently as it is brand new brand both in Russia and Uzbekistan • To achieve our commercial objectives what change in consumer behaviour do we need to achieve? Can we achieve this within our existing target group? What other potential sources of business are available? – Youngsters aged 8-18 are the audience which we additionally can attract, however, • What are results from perspective of our initiatives/activities? – Sampling		
Channel & Customer	• What is the impact of the channel trends for our brand? – Entering Chain of Supermarkets – Non- beer • How will the customer trends affect delivery against our commercial targets? – Health trend is getting more popular as "Coke is ba • How does our channel mix compare with key competitors? • What are our distribution levels in key customers?		
Competition	• How are we performing vs. our competitors – volume, value, share etc? • What is driving this? Any implication from our initiatives? • What implication does this have for the delivery of our long term strategies and our commercial targets?		
Contribution	• How is our P&L performance vs. our commercial targets (GBC, COGs, expenses)? What is driving this? • What are the implications for the delivery of our commercial targets and LT strategies?		

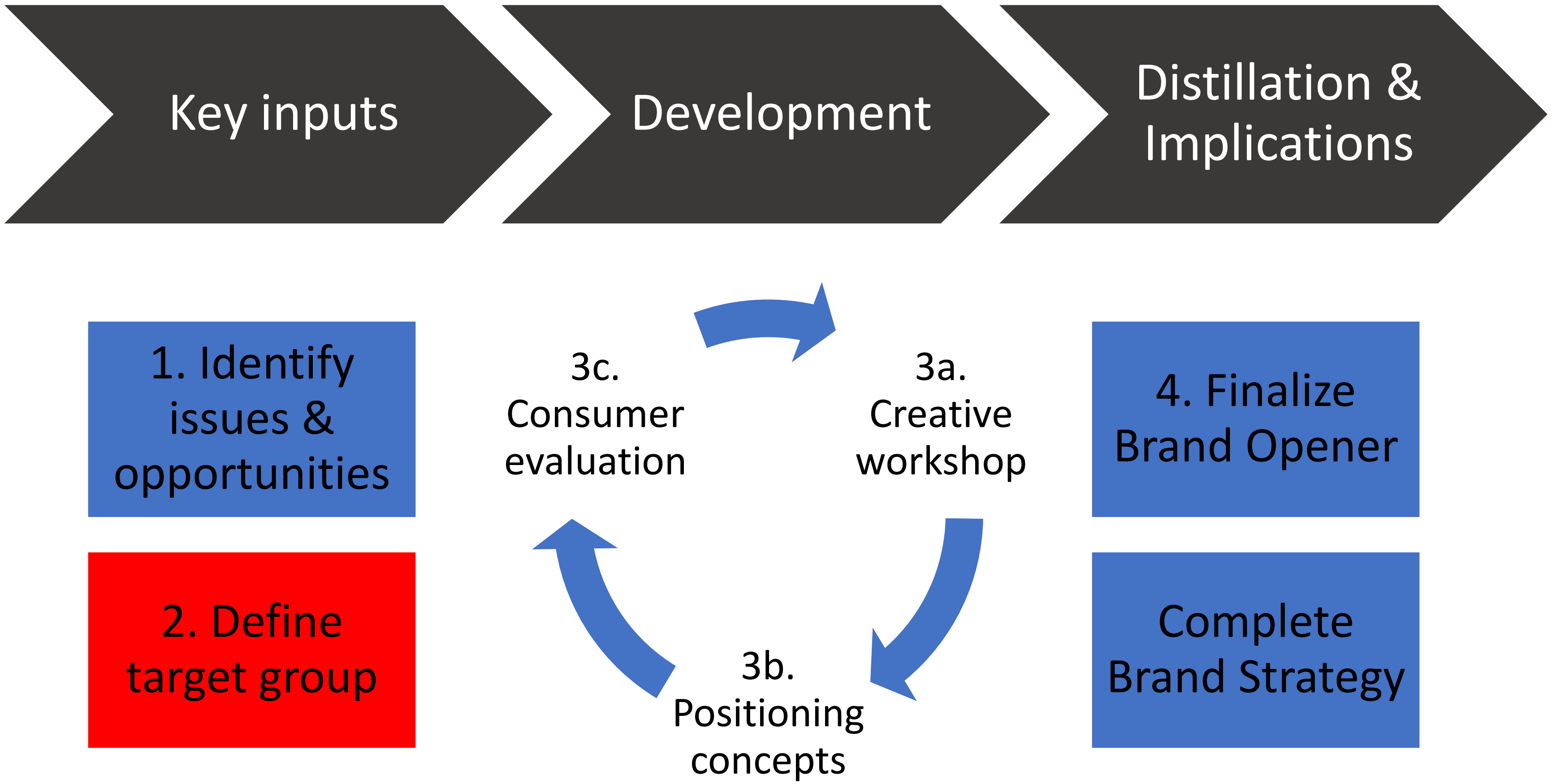
7Cs Implication tool – example 1

LEVER	ISSUE	IMPLICATIONS/ OPPORTUNITIES	STRATEGIES
Context	• Access to hard currency. • Remittance decline from outside labor force (Kz/Ru). • Limitation of cash on hand. • Dependency on one bottle supplier. • Muslim religion is getting popular. Ramadan is shifting closer towards peak season each year. • Low consumption per capita comparing to neighbouring markets	• Localization of raw materials to minimize hard currency expenditures • Decline in disposable income. • Standard yeast for Tuborg	• Focus on Green bottle. • To improve quality of transparent bottle via developing local glass suppliers. • PR
Category	• Decline of the total beer market. • Down-trading to local mainstream (mainly Sarbast). • No. of micro breweries is growing driven by positive attitude from consumers towards freshly brewed beer. • New trade regulation, limiting retail sales (but Horeca) at the radius of 500m away from Educational and Religious organizations.	• Further decline of Super Premium Segment.	• To drive category leadership at POS. • Innovative launches in Super Premium Segment. • Partnership with micro-breweries. • More focus on Horeca.
Consumer	• No can packaging in the portfolio – while Baltika in cans enjoys 50% of the total portfolio. • Funnel bottleneck is the conversion rate to loyalty.	• Consumers preferences towards can packaging is above PET and Draught.	• To expand Tuborg Green portfolio (Limited Edition can launch via Kz). • Loyalty enhancement activities.
Channel & Customer	• Week performance/ visibility in HoReCa channels (especially draught SKU) • Low brand visibility in off trade channel • Weak distribution/ high OOS in the regions & brewery.	• Explore potential of Horeca channel.	• Improve capabilities in Horeca. • Improve capabilities in off-trade/ weak regions.
Competition	• Competition from local producers is getting tougher. • Efes has entered the market with imports (legal). • Grey import decrease (limitation in Kazakhstan and Fergana Valley) – 15% in volume and +10% in price (est.) • Competition have strong holds in key cities: Valley/ Samarkand.	• Explore opportunity to limit competitors activation on ATL level.	• Special programs for staff in on-trade and off-trade to promote our brands. • ATL limitations for beer brands as from next year.
Contribution	• Tuborg Green is the most profitable offer in CB Uz portfolio, while RGB SKU contributes much less compare to draught. • Frequent issues with supply chain affect brand performance/ profitability.	• Higher cost for RGB compare to draught keg, low return rate.	• COGS decrease for RGB. • Thorough supply chain planning, control over OOS.

7Cs Implication tool – example 2

LEVER	ISSUE	IMPLICATIONS/ OPPORTUNITIES	STRATEGIES
Context	• Convertibility of UZS • Raw material cost and long ordering process • PET Line limited Volume Capacity • Two month Shelf life • Russian products are perceived of a high value •	• Limited opportunities for innovation • Less profit • Beer production will be on a higher priority in case of capacity issues appearance • Limited Shipment to Far regions during off season • Positive attitude, higher brand trust (value) •	• New SKUs Launch in available bottle sizes • Produce without rye malt as it is more preferred better taste and cost vise •Planning improvement and Stock build up • Increasing shelf life up to 3-4 month • To remind about genuine Russian traditions (including kvas drinking) as well as show respect of «Хлебный Край» brand to Uzbek culture. •
Category	•Kvas category have similar seasonality effect as Beer •Kvas as a drink is not well known, and trial rate is low •Kvas as a product is has perception of a low alcohol drink	• Expired product during off season, less concentration on kvas during peak season as beer is priority •Limited consumption among 18 and younger as well as religious population. Plus, placing kvas in beer coolers may strengthen the perception	• Mid spring start of all brand and trade activities • Vast sampling across Uzbekistan • Health Platform development during off season (start in 2012) • To supply branded coolers to key non-beer outlets to increase availability of cold kvas; PR – kvas is good for kids
Consumer	•Not well known among young people up to 20 y.o.	• Unexplored age categories remain	• Build up strong brand awareness and product trial trough ATL (TV + OOH) as well as vast sampling
Channel & Customer	• Low presence in non – alcohol outlets •Kvas mostly consumed in bazaars and Russian traditional restaurants during hot seasons • Fast foods heavily occupied by CSD and Ice tea •Not enough volume from kvas DM	• Unexplored market potential • Unexplored occasions • Challenge to enter well developed "Coke + Fast food" habit •Limited sales in on trade channel. PET is not an applicable offer to enter on trade channel •Extra work – no extra profit	• Enter non-beer selling outlets • Provide healthier choice: Tailored made POSM in Key Accounts • Healthier Choice "Kvas + Food" • Aggressive distribution and POP leadership • Stop Draught kvas sales
Competition	•Intense competition from Substitutes (Water, CSD, Ice Tea) •Kvas in barrels (non-branded) dominates the market (38% of total market)	• Challenging entrance to non – beer outlets, where competitors are dominating the outlets • Available during peak season only, non-branded	• Single serve SKU launch • Increased attention on distribution and cool kvas availability
Contribution	•Contribution is low due to High Raw material cost	• No profit in 2010, and small profit in 2011	•Price increase

Where does the step 2 fit it in the overall process?



Source: Adopted from workshop carried out by brand learning

Complete Core Positioning Target Template

Demographics Bring to life with Words and Visuals	**Needs from the category** Bring to life with Words and Visuals
Bring to life with Words and Visuals **Lifestyle**	Bring to life with Words and Visuals **Passions**

Core Positioning Target

Source: Adopted from workshop carried out by brand learning

Complete Core Positioning Target Template

Demographics

30+ high income

Needs from the category

Symbol of success

Core Positioning Target

Lifestyle

Driving, high end clothing,

Passions

Demographics: ethnicity, age, gender, income, religion, family makeup, and education.

Needs from the category: "the buyer's perception of requiring something (a product or service) to remove or satisfy a perceived discrepancy between the current motivational state and the desired motivational state" (Rossiter & Percy, 1985).

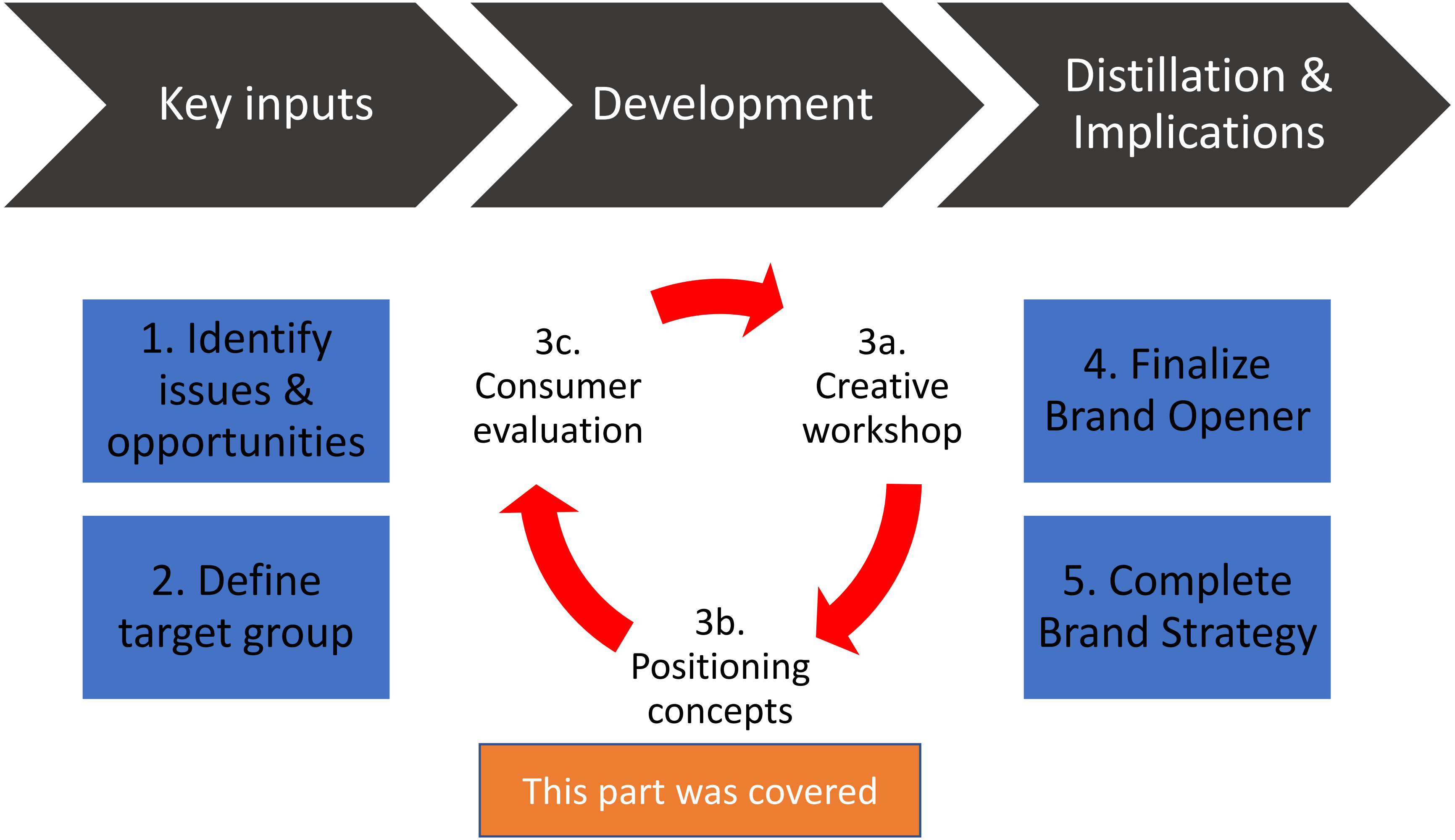
Lifestyle: You can use VALs framework – see next page. Or you can express the lifestyle in your own words.

Passions: What they love doing during free time.

Source: Adopted from workshop carried out by brand learning

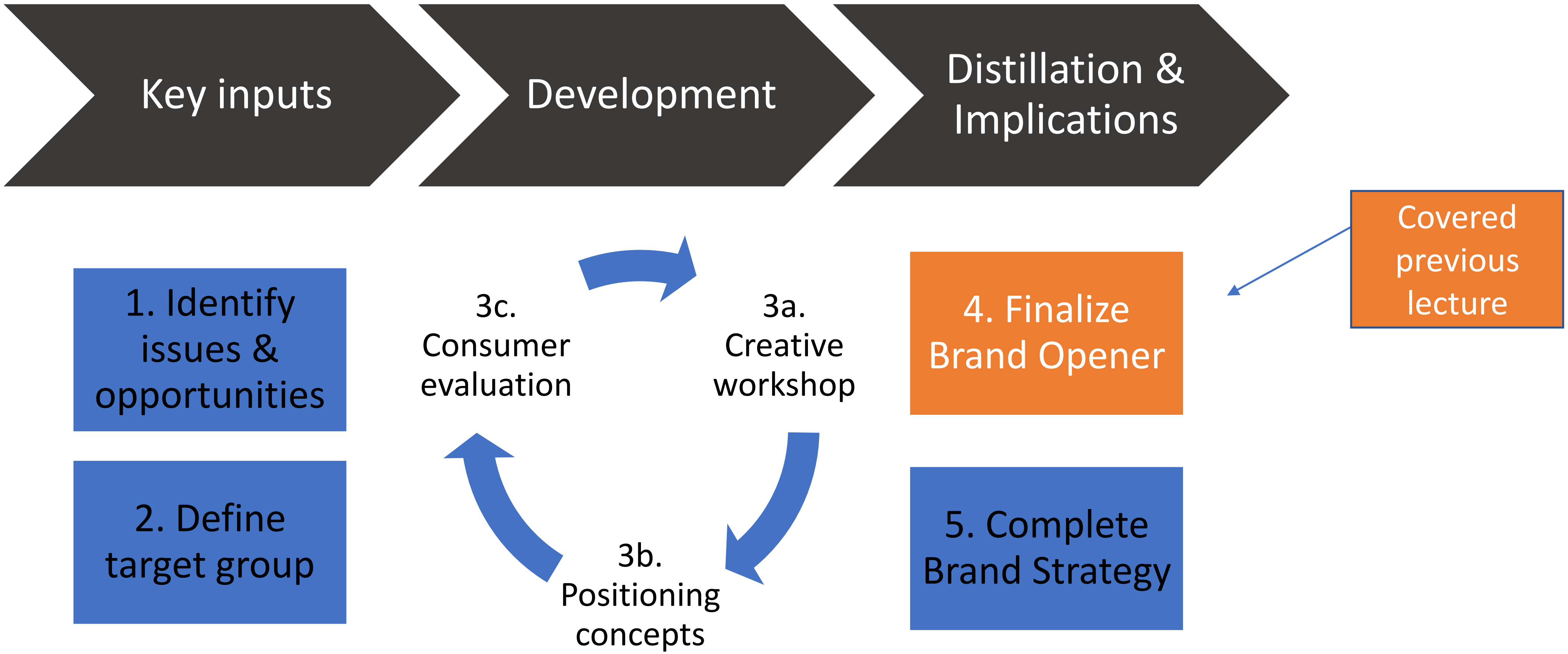
Source: Adopted from workshop carried out by brand learning

Where does the step 5 fit in the overall process?



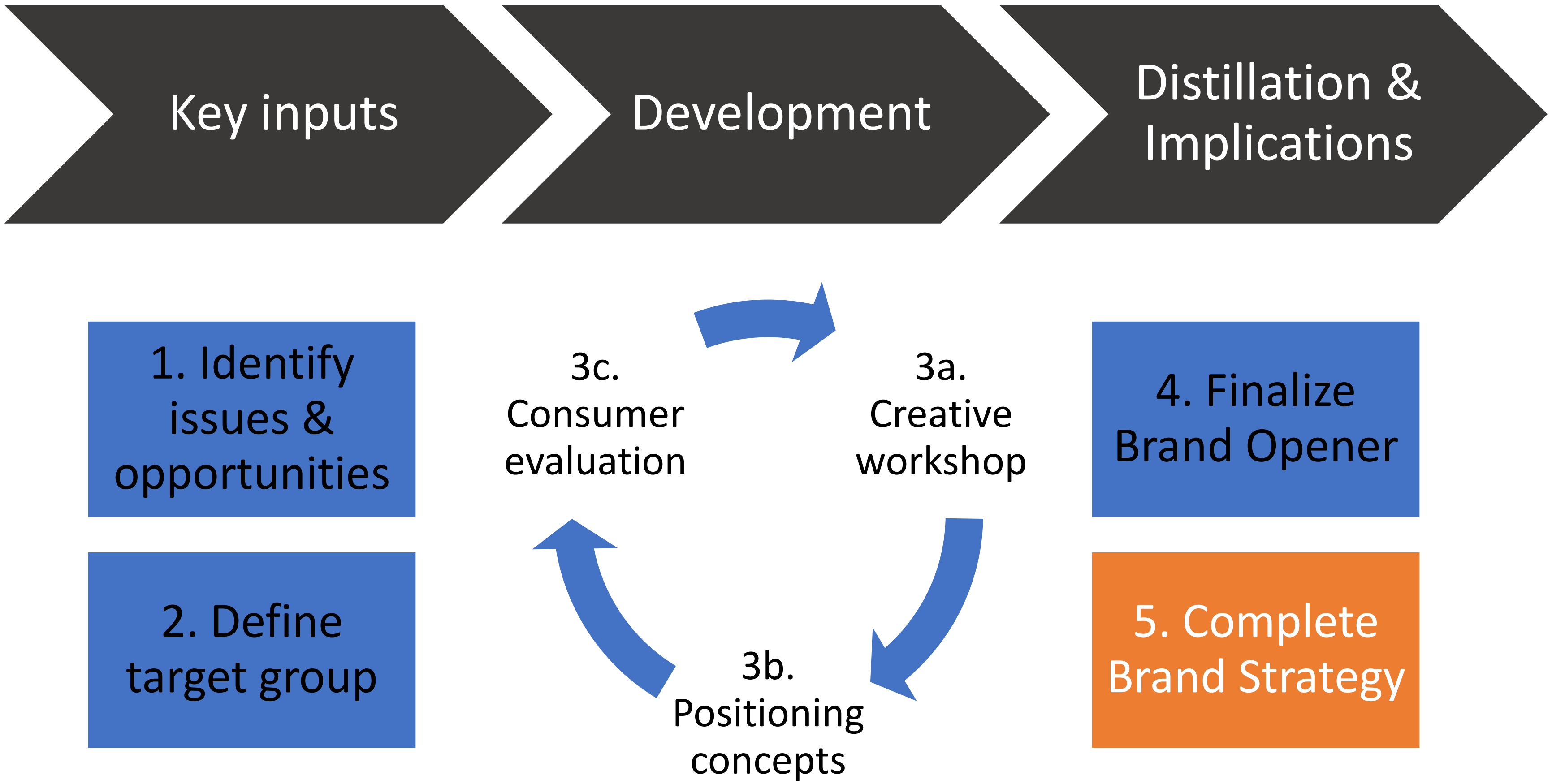
Source: Adopted from workshop carried out by brand learning

Where does step 5 fit in the overall process?



Source: Adopted from workshop carried out by brand learning

Where does step 5 fit in the overall process?



Source: Adopted from workshop carried out by brand learning

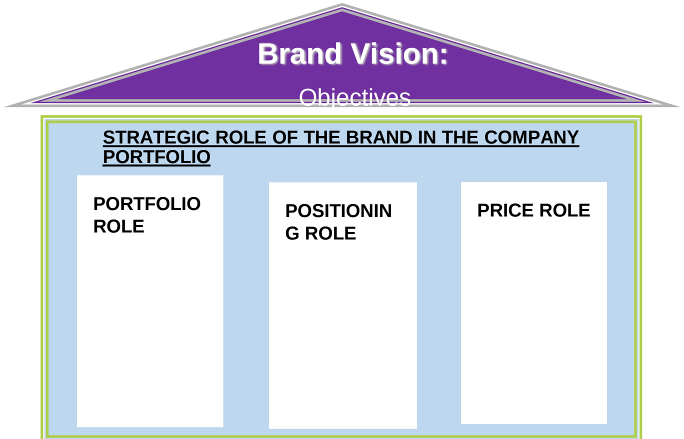
Scope and flow of the Brand Strategy Document

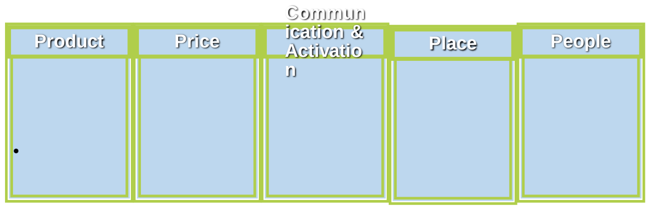
Brand's strategic role in Portfolio

Vision & Objectives

→ Brand Opener

→ Marketing Mix Strategies





Source: Adopted from workshop carried out by brand learning

Brand role in Portfolio: Vision and Objectives

Brand Vision:

An inspirational future of the brad + measurable,
desired changes In consumer behavior. May also include over-arching
source of business for 3-5 years

STRATEGIC ROLE OF THE BRAND IN THE COMPANY PORTFOLIO

PORTFOLIO ROLE

Drive, Maintain or Support

POSITIONING ROLE

Target Needstate with rational

PRICE ROLE

Price Positioning with rational

Source: Adopted from workshop carried out by brand learning

Brand role in Portfolio: Vision and Objectives

Example

Brand Vision:

Best in X region

Brand A will achieve xyz by acting like the market leader – setting best Standards and educating consumers about the category, whilst offering best value for money

STRATEGIC ROLE OF THE BRAND IN THE COMPANY PORTFOLIO

PORTFOLIO ROLE

Brand A will be massively supported to maintain its position of the biggest brand in its market in X region

POSITIONING ROLE

Brand A will consolidate its position at Family-Friends oriented consumers, covering Group connection, social energizing and value needstates, in order to be the biggest volume generator

PRICE ROLE

Brand A is a mainstream brand and must remain affordable at index 90 vs. The market average, below Brand B and Brand C.

Source: Adopted from workshop carried out by brand learning

Marketing Mix Strategies Output

Implement the Brand opener via developing and executing appropriate marketing mix strategies

Marketing Mix Strategies

Product	Price	Communication & Activation	Place	People
• Features, architecture, innovation strategy	• Priece tier(s). Indices between sub brands and vs. competition	• Communication/ activation platform. Touchpoints	• Channel strategy	• Opitional: in case of specific requirements ex. Separate sales force.

Source: Adopted from workshop carried out by brand learning

Summary: Car example

Product	Price	Communication & Activation	Place	People
• Ongoing innovation in design and performance	• priced at parity to Mercedes Benz and at a premium to all other "affordable" premium automobiles	• Demonstrations of the pleasure in driving a high quality, stylish, luxury vehicle	• Standalone dealerships in locations relevant to the target market	• Align all BMW employees behind the brand's positioning

Product	Price	Communication & Activation	Place	People
• Ensure high quality design and performance encased in a fun quirky body	• Priced at a premium to all small automobiles	• Bringing to life situation where people are having fun and adventure with a MINI	• 'Mini" MINI dealership within a BMW dealership to build on the group's premium positioning	• Employee reflect the fun, adventurous nature of MINI

References and Reading

- Strategic brand management: Building, measuring and managing brand equity by Kevin Lane Keller (2013) Chapter 2-3
- Edlong, 2021, *Top 7 Food Industry Trends For 2021* [Online]. Available from: https://www.edlong.com/top-7-food-industry-trends-for-2021/
- MCCROCKLIN Sh., 2020. Drivers of FMCG Purchase Decisions in Kenya Before and During COVID-19 [Online]. Available from: https://www.geopoll.com/blog/fmcg-purchases-kenya-covid/