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SIS White Paper: Brand Management in the 21st Century

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Brand Management in the 21st Century – Trends and Issues

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Overview

During the past decade, we have experienced dramatic changes in our world socially, economically, politically and socially. Since the early nineties, we experienced the demise of communism and the growth of globalization. We also experienced major re-engineering of large firms and the evolution from the traditional corporate structure to the virtual corporation. More dramatic has been the development of the Internet and its impact on both the workplace and the home.

With all these changes, it is clear that we are facing a new world order, a new way of running businesses, and a new way of living our personal lives. From a business perspective, the following are dramatic changes that have occurred in the past decade:

- ⌚ The pace is faster.
- ⌚ Businesses are instantly connected to their customers, suppliers, and distributors.
- ⌚ Globalization has produced a truly global marketplace.
- ⌚ There is so much information available that corporations need to continually interpret it and turn this into useful “intelligence” for their corporation.

Brand Management in the 1980s and Early 1990s

During the 1980s and up until the early 1990s, brand managers could depend on the following factors:

- ⌚ A reasonable or realistic brand or product development timeframe or cycle



- ⌚ Traditional brand management measurement methods and techniques (e.g., syndicated tracking data)
- ⌚ Traditional brand equity models
- ⌚ Traditional brand management organizational structure within the corporation

How Brand Management Has Changed in the 21st Century

Overall, the velocity of doing business today has compressed the timeframe for new product development, “time to market,” brand performance tracking, and the analysis of brand equity performance. More importantly, our rapidly changing world has increased the need for monitoring not only the performance of the brand on a global, regional and local basis, but also the rapidly changing competitive and environmental conditions throughout the world. These factors encouraged our firm to conduct a study to identify the trends in brand management in the 21st century.

Our Approach to the Research

Our initial research involved an extensive review of the secondary literature in the field. We researched the Internet, trade publications, press releases, media, past studies, financial statements, speeches, and the websites of “best in class” brand management leaders.

During the next phase of our research, we interviewed some of the key opinion leaders and practitioners in the field of brand management, as follows:

- ⌚ Leading university professors
- ⌚ Leading authors
- ⌚ Brand management professionals from “best in class” companies
- ⌚ Senior executives from advertising firms in North America, Europe, Asia, and Latin America

The staff at SIS International Research then analyzed the interviews and secondary information, resulting in the following findings.



Survey Findings

The study uncovered five trends or significant changes in brand management in the 21st century:

1. The use of multidimensional models vs. two-dimensional models for brand positioning.
2. The incorporation of environmental information into the brand management process.
3. Expansion of the brand management process and organization to the global, regional and local levels.
4. Reduced reliance on traditional syndicated data for tracking brand performance and the development of customized tracking systems.
5. The emergence of a Chief Brand Officer in the corporation and the elevation of the brand management function in leading brand management firms.

Trend #1: Multidimensional Models vs. Two-Dimensional Models for Brand Positioning

During the 1980s, the leading brand management firms adapted a wide range of two-dimensional models for brand positioning. While these models were sufficient for the 1980s, they were not effective after the early 1990s. Clearly, our world has become more complex and brands have to be developed faster and positioned better in rapidly changing global, regional, and local environments.

To meet this need, scholars and practitioners have developed multi-dimensional models that enable brand management to incorporate the following factors into positioning the brand:

- ⌚ To produce techniques which allow the firm to map the brand through the consumer's eyes.
- ⌚ To define lead, strategic, and support brands.
- ⌚ To use a non-linear brand management sales approach to position the brand in select market segments.



The Brand Molecule Approach

One state-of-the-art technique is the “brand molecule” mapping approach (source: Lederer and Hill, Harvard Business Review, June 2001). This innovative approach enables brand management to paint a picture of the brand, as it is actually perceived by consumers. It also includes all brands and associations or slogans that have some influence, either positive or negative, on the purchase decision.

Essentially, creating the Brand Molecule Portfolio Map is a three-step process. Although quantitative data is reviewed and there is a certain amount of quantitative analysis, the final mapping is based on the informed decisions or judgments of the brand managers.

Step 1: Create a long list of brands and associations to include in the portfolio (e.g., consider all the brands that influence the customers’ perceptions and choice).

Step 2: Determine which is the lead brand, which are the strategic and support brands, and their relative positioning.

Step 3: Assign values to the different criteria and map the molecule.

The brand molecule approach can be used to map and position brands that are global, regional and local.

Trend #2: Incorporation of Environmental Information into the Brand Management Process

In this rapidly changing social, economic, political and consumer environment, brand leaders have learned the value of tracking environmental information on a continual basis and incorporating this information into their brand management models and positioning. The following are examples of environmental information that is being tracked and integrated into brand management tracking systems and models:

- 🕒 Competitive product information
- 🕒 Consumer lifestyles
- 🕒 Local psychographic information



- ⌚ Local cultural trends
- ⌚ Socio-economic factors

The following are examples of sources of environmental information:

- ⌚ The media and the press
- ⌚ The sales force
- ⌚ Consumers
- ⌚ Trade associations and industry colleagues
- ⌚ Rumors
- ⌚ Local demographic information

The following are the benefits of tracking environmental information and integrating the information into the brand management process and systems:

- ⌚ The firm is able to address the changing psychology of the consumer, which is often driven by emotions and reactions to the local environment.
- ⌚ Consumers need brands that are compatible with their changing lifestyles, which are driven by their external environment.
- ⌚ Integration of environmental trends into the brand management process enables companies to take an “inside-out” perspective into their brand management process and systems.
- ⌚ Integration of environmental information enables brand leaders to determine the degree of control they have over the positioning of their brands in their three-dimensional models.

Trend #3: Expansion of Brand Management Processes and Organization to the Global, Regional, and Local Levels

With the globalization of corporations in the past decade, many brand management organizations have organized themselves on a global, regional and local basis. Many of the key opinion leaders and practitioners surveyed indicated that global brands are strategically positioned with corporate imagery that can create demand across cultures. On the other hand, local brands are generally positioned directly against competitor brands in terms of product attributes.



Most of the interviewed brand management executives indicated that Global and Regional Vice Presidents of Marketing develop the brand strategy and planning. However, there is wide variation between firms with regards to the role and authority of local brand management. Depending on the culture of the firm and the types of products, local brand management can have a significant degree of decision-making and control of budgets. Overall, our findings indicate the following trends:

- ⌚ Strategy and Planning – primarily controlled at the global and regional levels
- ⌚ Implementation – primarily controlled at the regional and local levels
- ⌚ Evaluation – performed at all levels; most tools and measures are standardized

Trend #4: Reduced Reliance on Traditional Syndicated Data for Tracking Brand Performance and the Development of Customized Tracking Systems

Our interviews with key opinion leaders and practitioners of brand management

indicate that while they still may subscribe to traditional syndicated data sources (e.g., customer satisfaction, brand loyalty, brand market share, and price points, etc.), many of the leading brand management firms have either augmented these systems or developed their own customized brand management and brand equity tracking systems which enable them to determine the following:

- ⌚ Brand drivers
- ⌚ Return on investment in brand equity
- ⌚ Local, regional and global positioning
- ⌚ Value pricing
- ⌚ Line extensions

These customized brand-tracking systems often integrate quantitative tracking data with qualitative environmental and competitive information to produce an effective decision support tool for brand management. The following are some of the types of information which are integrated into these customized systems:

Quantitative Information:

- ⌚ Brand market share
- ⌚ Brand price points



- ⌚ Brand revenue

Qualitative Information:

- ⌚ Competitive information
- ⌚ Environmental information
- ⌚ Distributor information

The net result is that brand management can develop a brand equity index and brand driver analysis with more complete information. Our research also indicated that this information is often shared across the organization to other functional areas, such as finance, product development and engineering, manufacturing, marketing, legal and strategic planning.

Trend #5: Emergence of the Chief Brand Officer and the Elevation of the Brand Management Function in Brand-Oriented Firms

Our research indicated that there is a trend toward a corporate level executive for brand management in the future. According to the interviews with brand management executives in leading manufacturing firms, global brand management is expected to increase in responsibility in the future.

In addition, our research indicates that the degree of centralization or de-centralization of brand management in a firm depends on the culture of the firm and the types of products. The extent of local branding is also a function of the firm's products and the structure of their brand management organization.

Overall, most opinion leaders and brand management and marketing executives indicate a trend toward a corporate level executive in brand management in the next few years, where it has not already happened.

Conclusions



Overall, brand management has evolved from “product-centric” to “consumer-centric” in the 21st century. Our research indicated that there are considerable differences between firms in terms of their brand management organizational structure and management and their use of brand management paradigms and models.

The research indicates that brand management is becoming more “intelligence-driven” rather than the traditional “product-driven” approach. Consumers are seeking more value from brands and, as a result, companies are seeking to employ more sophisticated models to measure brand equity, drivers of brand equity and value, and techniques to measure their return on investment in their brands.

Firms are employing more psychographic techniques, particularly in local markets. Successful brand leaders are relying less heavily on their traditional syndicated quantitative data. These firms are developing customized market intelligence and brand tracking systems, which are customized to the culture of the firm. Many of these systems augment the quantitative data with qualitative environmental and competitive information to produce an actionable decision support tool for management.

Lastly, there is a trend toward corporate-level brand management executives in the future. This functional area continues to grow in importance as the global environment becomes more complex.

About the Author:

Ms. Ruth Stanat -- President & Chief Executive Officer
SIS International Research

Ms. Ruth Stanat is the Founder and President of SIS International Research. Since 1984, SIS International has provided assistance to organizations with strategic planning, market research reports, market expansion or business development studies and ad hoc research for answers to specific business issues. SIS International Research is also a recognized worldwide leader in providing customized tracking for competitive intelligence. Ms. Stanat is a Charter Member of the Society for Competitive Intelligence Professionals and a recipient of the SCIP Fellows Award.

During 1990-1993, Ms. Stanat personally traveled and expanded the SIS International organization, which spans over 120 countries in Asia, Europe, Latin America and the Middle East. Ms. Stanat is the founder of the concept and implementation of "corporate intelligence networks." In her first book, ***“The Intelligent Corporation,”***



published by AMACOM, the publishing division of the American Management Association, 1990, Ms. Stanat provides a methodology for the implementation of corporate intelligence networks.

Ms. Stanat is also author of “**Global Gold - Panning for Profits in Foreign Markets,**” published by AMACOM, 1998. This book is a guide on how to succeed in international markets. It contains contributions from over 30 authors from Asia, Latin America, Europe and the Middle East. It also contains the marketing successes and failures, cultural dos and don'ts and a complete reference guide. Her third book, “**Global Jumpstart - The Complete Resource for Expanding Small and Mid-Sized Businesses,**” was published in January 1999, by Perseus Books. This book instructs small businesses (\$1 million - \$100 million) on how to expand their business globally.

Ms. Stanat has been a guest lecturer for management programs at General Electric, Eli Lilly, Southwestern Bell, Corning Inc., Alphabet Corp., Citibank, Kraft General Foods International, Electronic Data Systems (EDS), Elf Aquitaine, Quest International and Glaxo Holdings. Ms. Stanat conducts in-house seminars and speeches for corporations on the topic of global research and competitive intelligence. Ms. Stanat was formerly a Vice President of Strategic Planning for the Chase Manhattan Bank, a Senior Planning Officer of the Mars Corporation and has held senior marketing and strategic planning positions with International Paper Company, Spring Mills, Inc. and United Airlines.

Ms. Stanat has made several media appearances on CNN Financial News, CNN Airport Channel, CNBC, NBC Biznet, Nations First Business, WCIU-TV, Business News Makers and WTLK-TV Daybreak. On radio, she has given interviews on the topic of global business expansion. Specifically, she has given interviews on Bloomberg Business Journal and Tracking Business Leaders. Ms. Stanat has been featured in Time Inc., Sales & Marketing Management, Industry Week and Working Woman Magazine.

Ms. Stanat has been appointed by the Secretary of Defense to serve a three-year term on the Defense Advisory Committee on Women in the Services (DACOWITS) committee for the Pentagon. The DACOWITS committee is comprised of 34 civilian members from throughout the United States, selected on the basis of achievements in business, their professions and in civic affairs. The Secretary of Defense appoints members for a three-year term, without compensation, to advise him on matters relating to the effective utilization of women in the services. Ms. Stanat is also a member of the Breton Woods committee.

Ms. Stanat has traveled extensively and has lived and worked in Europe. She is conversant in French and German. Ms. Stanat holds a BS degree from Ohio University, graduating *Cum Laude*, and was a member of Phi Gamma Mu honorary society. She also holds an MA degree in Psychology and Statistics from New York University, Phi Beta Kappa and an MBA degree in Finance from New York University, Beta Gamma Sigma honor society (Phi Beta Kappa equivalent).

