Brand Management

Day 1 - Monday 16 September 2013

- Understand where the brand comes from
- Founder/History
- The reason why the brand who it is – because its genetics
- The history is important
- Research is equally important as well
- **Take your time when you get a brand – understand it – don't hurry**

Snapple Case

<u>1972-86 Origins</u>

Key Decisions taken by the founders of Snapple:

- All natural fruit
  - Worked in a fruit and vegetable store
  - Because they are hippies – 1972 –

- Family run distribution network
  - Distributors they knew from their mum and pop store
  - They didn't have the money – no one would have given them the money

- Outsourced production
  - They don't have a production facility
  - They don't have the money to build a production facility

- Grew on internally generated funds
  - No bank could give them money
  - Don't trust banks – hippies

- *Lots of new product development ongoing*
  - *When you hire distribution channel you need more product to increase distribution channel.*

- *Cold Channel – single serve refrigerated beverage (only 20% supermarket)*
  - Independent distributors won't deal with supermarkets
  - Distributor choice dictates retailer choice – no relationships there.

- *TV Advertising Campaign: Ivan Lendl – awful but charming*

    - Distributors pressured them to

- *Premium Priced Product from the outset*
    - Cover the costs –
    - Distribution channel sucks
    - Need premium price to give them any margin at all

- *Mantra of 100% natural*
    - Because they are hippies

- Founders are set up by 3 friends

This is what created a brand that is worth $1b – what choices did they make that made them different.

<u>Starting Point</u>

1. **Personal Experience – Who I am**
2. **Resources at the time - Constraints**
3. **Luck**
4. **Second Order Effect**

Positioning often comes from the biological founders themselves – but it works because it resonates with the customer and the competition

<u>Personality of Snapple – Brand Equity – Brand Associations</u>

1. Quirky
2. Authentic/Natural
3. Fun Underdog

Recognise the value of the 3 words – managing the brand – perception of the brand held by the target market itself.

<u>1987-93 Glory!</u>

- Hire Carl Gilman to do the sales & marketing role (Seven-Up) – given a share of the business

1. **Research (90% of the time successful) – this is the first thing you do ALWAYS – find out quickly from the consumers what's in this brand. Talk to your <u>loyalists</u> – ask them to explain to you why they love the brand so much. Learn from people around you about the brand.**

- First thing Gilman does is do market research - Focus groups on the labels – purpose is to understand the brand
    - Recruits – interview your loyalists
    - Listen to them
- **Marketers need to get out of the office in front of the market – marketer is the only person that connects people to the organization – the people between the market and the organization.**

2. **Integrated Marketing**

Media Neutral –

- Brand need to drive the sources of communications
- Objectives change
- Tools diversified – more tools

Combined different tools to integrate the campaign.

- If you spend your money across multiple tools the synergy effect will be far greater
- Zero - base budgeting – start each year fresh – look at the business – look at the market – look at the opportunities – look at what I need to spend and what I expect to get – link together the investment of the return

Carl spends more across multiple tools:

1. TV Advertising featuring Wendy Kaufman
2. Sponsorship Radio Show of Howard Stern
3. Events strategy – invites people to celebrate the labels
4. Public Relations – press release

Advertising – it is quirky, they are authentic – real letters, they are fun and the underdog – first proper piece of brand management – consistent with the brand equity of the brand itself.

Radio show is also because it is representative is the brand equity. People resonate with the brand and they realize why they love it and they buy it.

3. Distribution Channels

- Focus on sales in the east coast
- He says no when people in the west coast request sales – he can focus on East Coast and drum up more sales
- Marketing does not equal sales – why say no to sales?
  - i. Resources – did not have the distribution channels to service the west coast – could damage the brand
  - ii. Get the sales eventually – make them wait
  - iii. Make the heritage of the brand more concrete – NYC helps to strengthen the brand

Strong brands come from a place – take a commodity and spray it with associations and meaning – the place itself as pre-established associations. When you associate a brand with a place – reinforce elements of its identity.

NYC is a Quirky Place, it is authentic, and it is fun – has a sense of NYC vs. everyone else.

Complexities of Australia – they are not comfortable with origin eg: if I talk about Bonds as being a Sydney brand you switch off other markets.

The first few times I experience the brand it has to be perfect – it should be on brand – if you go to supermarkets too early you can't build a brand.

Marketing is not the same as sales – don't be afraid to say no to sales.

Who do you want and who don't you want? – who are you not targeting right now? You get more from less

4. **Potential**

By not growing the sales it was showing Quaker that there was potential market.

<u>1994: Quaker</u>

Why they buy it?
1. Synergy – Gatorade through the distribution channels
2. Beverage Industry – Business Strategy
3. Gatorade experience – believe they can apply the same approach.

Pay $1.7b in cash for the brand (150 times earnings).

<u>What they do with it?</u>
1. Distribution fight
2. Product sizes & 4 Packs
3. Expand to the rest of the USA
4. Go into supermarkets

Exhibit 1 – a lot worse than appears as they increased distribution channels

When you make decisions that are consistent with the brand equity you will grow the brand – but if you make decisions that contradict what the brand stands for you will kill the golden goose – the brand.

Snapple no longer looks like Snapple.

How could Quaker be so stupid?
1. No research and understanding that takes place
2. Sense of complacency/arrogance – they know what they are doing as they did the same with Gatorade
3. Strategy?
4. Money is causing the pressure – they can't take the time, they can't do the research and kill themselves by rushing
5. Strategies come from Gatorade – replicating the formula – different "red word"

There is no such thing as "**b**rand**s"** each brand is different "Brand"

Triarc Now Owns Snapple
The first four Sequential Strategic Moves:
1. Research: History – current customers and find out how they are feeling about the brand right now.
2. Three red words – positioning – the intended brand equity (Research reveals the actual brand equity). In a strong brand they are pretty much the same – in badly run brands they are disconnected.
3. Apologise and draw the line

4. Do stuff to fix the red words

At the beginning they didn't have to do this as it was distinctive.

Answer:
1. Research
2. Define the positioning of the Brand
3. Distributor Event: The Magic is Back!
4. Wends Ads Resume… with a Parade

Purchased by Cadbury Schweppes ($1.4b)
- Created a house of brands
- Innovations: Snappleton website – it worked because its quirky, authentic/natural, fun underdog
- Link the brand back to its heritage

Case Learnings
- Brands are usually accidents – begin with luck, people
- Brands begin life as commodities – Snapple didn't start as quirky – it started as a fruit beverage but then become quirky
- From founder(luck, personal circumstance, instinct gut – 1972-1986 founders) to Marketer (brand manager, research, positioning, execution – 1987-93)
- Understanding brand equity is the first challenge
- Letting it drive the business and the decisions you take is fundamentally the job
    - Skill to understand the brand
    - Skill to run a brand
    - Good brand manager has to do both
- No 2 brands are alike – they treat all the brands the same – back of house synergies but front of house they are different – multiple brand managers in your portfolio you need multiple brand managers
- Understand Brand - $1.7b – you can take a big share over a 25 year period – Snapple founders
- Misunderstand and Lose $1.4b – Quaker
- Understand Brad: make $1.5b in 2.5 years –
- Brand makes you more money than anything else.

BRAND

<u>Origins of Brand</u>
- Tied directors to founders and providence as just as much as the consumer
- Brand Management begins around 1989 – young discipline

<u>Definitions</u>
- Functional/Emotional Value are all wrapped up the same
- Positioning on Brand is a much more sustainable advantage against your competitors
- Understanding what is the brand is understanding its equity
- Everything meshed together in a holistic thing – anything/everything can be brand