18 Phipp Street,
London EC2A 4NU
T +44 (0)20 7256 1001
F +44 (0)20 7739 1117
www.goldengoose.uk.com

Whose brand is it anyway?

How the struggle for control of innovation can cause brand-damaging extensions

Adam Bass
November 2007

Before retailer consolidation and media fragmentation, manufacturers had the luxury of launching a new brand when they wanted to test an innovation. With the cost of launching new brands now virtually prohibitive, innovations are constantly being incorporated into ever-extending Superbrands. Whilst some brand extensions are brand-positive and others brand-negative, not extending is no longer an option. To protect their core revenue streams and expand into new markets, companies must ensure manufacturing and brand management teams work together to produce new products that enhance the brand, rather than simply trading on the brand's reputation.

The core ingredients for successful brand extensions are generally agreed to be 'Fit' and 'Leverage' - fit being the appropriateness of the new category and leverage being the brand values applied to the new product[1]. In some cases though, the branding **is** the leverage. Some of the easiest brand extension opportunities can create successful brand extensions that trade solely on the brand, leading to the gradual (and in some cases sudden) degradation of the entire brand.

Brand extensions can be manufacturing-led: incorporating new features and inventions and adding them to the brand's product range, or marketing-led: pivoting on one of the brand's axes of authority and outsourcing some or all of the manufacturing, marketing and sales. Only clear communication and understanding between the teams responsible for product and brand innovation can ensure that new products deliver real added brand value, rather than the fool's gold of brand damaging success.

Understanding the 'product innovation' mindset

The plethora of trade magazines from 'The Meat Trade Journal' to the 'British Baker' are a testimony to the anorak-like single-mindedness required to succeed in the manufacturing industry. Manufacturers focus on the attention to detail of logistics, materials, quality-control, and just-in-time delivery to achieve optimum productivity and product quality with minimum costs. Their aim is maximum efficiency delivered in incremental steps.

Because manufacturers are constantly trying to achieve equilibrium within a time, quality, cost triangle; incremental steps forward in cost reduction can lead to

[1] Edward M.Tauber, Tauber Research, Brand Equity & Advertising, edited by David.A.Aaker & Alexanrder L.Biel Chapter 20, p313

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incremental steps backwards in product quality. According to anecdotal evidence from an ex-GSK employee, a taste comparison between today's Ribena and Ribena made 10 years ago, would reveal a significant difference in product quality – for many years the product has been 'reengineered', increasing the profits of the company at the gradual expense of product quality. Similarly cost-cutting exercises through outsourcing have led to brand-damaging contrasts between forced child-labour and carefree happy advertising.

To the typical manufacturer, their factory is like a giant chemistry set where simple changes in ingredients can result in umpteen flavour variants. In more technically complex products, manufacturing is about choosing the right compromise between product attributes: Toothpaste for example, can be tooth-whitening or suitable for people with sensitive-teeth but not both.

Whilst incremental in mindset, manufacturers can also act opportunistically. The development of Marmite, Vegemite and other yeast-based spreads, is the result of beer manufacturer's head-scratching about what to do with left over yeast extract - a by-product of the brewing process. This opportunism is not always benign. Whilst side-deals with retailers looking for discounted private label goods solve the problem of surplus stock; the reliance on this easy revenue stream had led to the growth of private label and its acceptance by consumer attitudes.

Understanding the 'brand innovation' mindset

Unlike the manufacturer mindset which is routed in the tangible difference an incremental step can make, the 'brand innovation' mindset is all about translating the brand experience into new media. A good recent example is the P&G brand Kandoo which has translated the moment when a child takes responsibility for their personal-hygiene from toilet wipes to hand wash and then shampoo. Brandmanagers are focused on delivering and communicating a relevant point of difference that increases sales. Their aim is to increase their brand's exposure laying strong foundations for new products.

The challenge for brand managers is to maintain relevance in the face of continually changing tastes. As healthy food, sustainability and provenance have become vital product features, brands have struggled to include these attributes in their communications without sacrificing the truth. In an example of the brand manager being too far ahead of the manufacturer, Ribena's desperation to offer child-friendly health-benefits led to an unseemly PR disaster. In March 2007 two New Zealand high school pupils performed their own science tests and found that Ribena's on pack claim: "blackcurrants in Ribena contain four times the Vitamin C of oranges" was misleading. After months of humiliating press coverage, GSK were investigated and fined as a result.

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Whilst a manufacturer might explain that there is a clear choice to be made between two different product attributes; brand managers will segment until they're blue in the face. Toothpaste brand Crest offers a dazzling dozen different types of toothpaste on their website: catering for kids, people who prefer gels, baking sodas or paste, and in some cases both; as well as offering whitening, cavity protection, tartar protection, and treatments for sensitivity and a wide variety of flavours including Pure Peppermint Fresh, Citrus Clean Mint and Mint + Green Tea Extract. We can only imagine the way a manufacturer rolls his eyes heavenwards when faced with such a demanding production line. Unless there are corporate controls in place a brandmanager, fearful of leaving any segment unexploited, will confuse with a blizzard of choice – pushing customers into the welcoming arms of simpler competition.

Whilst brand managers can be accused of jumping from bandwagon to bandwagon, great advertising can transform a brand and leave an impression that lasts for generations. Marmite users' fierce loyalty is based on a consistent identity and a health message attached to a distinctive vitamin B product attribute. In recent times Marmite's bold 'love or hate it' marketing has resulted in renewed affection for the brand and increased consumer permission to extend into Marmite flavoured crisps and biscuits, squeezable Marmite, Guiness flavoured Marmite and Marmite flavoured snacks.

Left unfettered, however, the brandowner mindset sees no limits to the relevance of their brand, and can risk letting it seep into new unsuitable products where it has no right to play. In the early 1930s the Oxo company launched several new products, all in tablet form. There was Oxade Cocoa, Oxade Lemonade and Orangeade. There were also table jellies and Oxo toffees. None were successful. So totally had Oxo established itself as being synonymous with beef that it was not easy for it suddenly to become synonymous with oranges and lemons. [2]

Different company approaches to the conflict

From a consumer perspective, manufacturing is branding. Jack Daniels copy-heavy, black and white advertisements communicate their authenticity with legends of horse-driven carts, and a small community of well-known cowpers, coal-smokers, and barrel carriers; making great capital out of their own-brand of manufacturing. Larger corporations manage multiple and often competing brands as well as manufacturing for private label. In this more complex brand architecture, internal brands have to share manufacturing facilities and compete for their share of the marketing and innovation pot.

[2] Taking Stock, over 75 years of the Oxo cube, Penny Vincenzi p49

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In companies where a manufacturer produces just the branded product, Mars, Apple Cadbury, for example, the company develops competencies to realise the brand vision: the opportunity for Mars ice-cream justifies investment in ice-cream manufacturing competency. In these brand-centric companies, the brand manager's job is to create the business case for new investment and oversee the manufacturer's attempts to achieve the time, quality, price equilibrium, acting as a conscience on behalf of the brand.

Where companies own a wide variety of brands, the company must build in working practises that ensure innovations are matched with the right brand rather than be tempted by too many incremental line extensions. Kit Kat's share of the UK confectionery market dropped in 2005, a loss of sales that is ascribed to the attempt to introduce too many variations of the core brand including orange flavoured, dark chocolate flavoured, and peanut butter flavoured Kit Kats.[3]

By contrast, Procter & Gamble put the customer at the centre of their new product development, with no new product launch approved unless the unbranded new product beats the market leader in a blind trial.

Conclusion

If a brand has too many manufacturing-led innovations they risk developing loudly-announced, underwhelming line extensions. Too many brand-led innovations can lead to embarrassing PR disasters when marketing clashes with the reality of manufacturing.

Today's super-brands must keep up with the tide of leading-edge innovative products whilst providing a consistent brand experience. To achieve this, corporate brandowners need to manage the interface between the teams responsible for 'branded innovation' and 'product innovation' protecting their brands from the wrong kind of success.

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[3] Nestlé may cut jobs as sales fall Financial Times, Mar 01, 2006