

Redefining a Brand's "Scope" Can Enhance its Equity and Provide Growth Opportunities

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As marketers, it is our responsibility to recognize that when we are assigned to a brand, we are but Ambassadors of its equity. We don't "own" the brand. Rather, we are charged with molding it so that it becomes more valuable to the corporation. Procter & Gamble has long set the standard for managing brands for growth. Recently, they changed their approach as it relates to one of their bedrocks - Pampers. With Pampers, they redefined the brand's scope from "absorption" to "baby development". Certainly this broadening of brand "scope" will become more common as P & G proves this to be a sound methodology for growth and equity enhancement.

Consumer products companies have long known that a brand's equity is the most valuable asset they own. A while back, how these equities were defined was focused like a laser beam. However, as these brands evolve to take leadership positions within the categories they currently compete, companies must consider redefining the brand's focus in a broader way than ever to provide more significant growth opportunities.

This strategy has been driven by a fundamental equation we're all familiar with – the cost/benefit analysis. Once your brand becomes #1 or a strong #2 in its category, what's it going to cost to grow share another point? How much advertising, consumer promotion and trade spending will be required? And what will the resulting impact on profit look like?

Now take that same level of incremental spending and apply it to the development of a brand expansion initiative. Often, the incremental spending will generate far greater profits by expanding into a new category. Additionally, this effort can enhance the brand's equity (and therefore value), insulate the brand from financial hardship should their initial category suffer an unexpected shift and broaden the brand's awareness.

To execute this strategy successfully, there are some factors which need to be understood and managed.

- What is the brand's equity today? How do consumers describe the brand and in which categories would they be accepting of the name? A key element is to understand the brand's character statements – those phrases that permeate the brand. For example, with Pampers, a character statement could be "Pampers is the brand that consumers depend on" indicating that all future Pampers products must be dependable, that they'll perform the job advertising and packaging say it will. The product must

deliver on this character statement in order to maintain and contribute to its equity.

- Which categories should be considered for expansion? This list should be exhaustive but not absurd. For Pampers, anything close-in to diapers are “no-brainers” for inclusion like baby wipes and baby lotion. Some suggestions a little further-out could be baby food and nutritional supplements. On the “outskirts of town” could be mental development items like mobiles for cribs and CDs.
- How do the categories match-up with consumer acceptance, company competencies, opportunities in the marketplace and expected levels of required investment? This is the most difficult part of redefining a brand’s scope because there are many factors to consider and trade-offs to be identified and evaluated. While consumers may accept Pampers on baby food, if there’s no opportunity in the marketplace to create a point-of-difference and create a sustainable business, then the odds of success are limited. On the other hand, if the company has access to a new technology that would result in a differentiated baby lotion and yet consumers are luke-warm to the idea, what do you do? This is an instance where a business decision needs to be made, and supported by the organization.

Consider Wal-Mart and their Private Label brands. They have few brands (four at last count) and yet each competes in many, many categories. They do this successfully because they have identified the fundamental elements of each brand and promote them through all of their respective offerings. P & G is doing this, shouldn’t you?