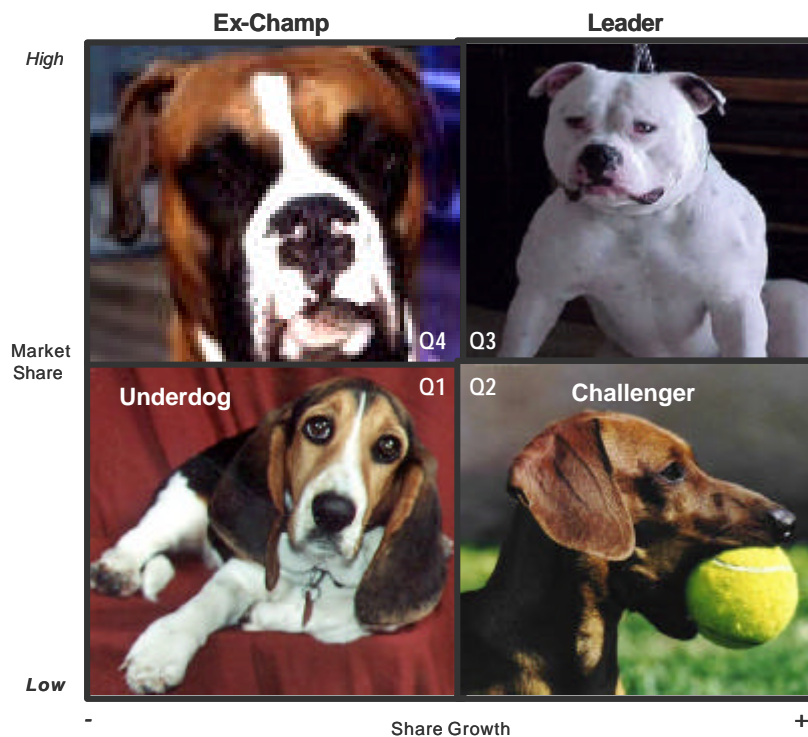


Is your brand a...?



Find the answers from:

The Brand Leadership Matrix™

Introduction

How healthy is your brand? Is it a leader in its sector or is it a follower? Are you able to command premium pricing and own the most profitable customer segments? Are you leveraging and optimizing your brand fully or are you living off its past legacy without continuous innovation and revitalization?

Giving the financial values attributed to brands today, staying on top of the brand ladder is critical to success. Strong brands ensure a stable growing income stream while weak brands live from day-to-day. Understanding the health of your brand and managing it as a financial asset ensures that it is accorded the maximum attention and protection that it deserves.

Brand Leadership Matrix™

Adapted from the BCG Matrix developed in the '70s to analyze corporate investment strategy, the Brand Leadership Matrix™ was developed with the purpose of helping brand owners measure and analyze the strength of their brands and the effectiveness of their branding and marketing strategies.



The vertical matrix measures market share, an indicator of the brand's leadership position. The horizontal matrix measures market share growth relative to the competitive set, an indicator of the brand's health.

Quadrant 1, dubbed "The Underdog", is a brand with a low market share and declining share growth. The Underdog has low brand visibility and consumer top-of-mind. It typically competes on price, promotion, or some other functional dimensions. As a result, it is also likely to have the lowest returns and thus lacking the investment required to compete with its stronger rivals for market share. The Underdog shall not be missed should it disappear from the market as customer loyalty is typically low for brands in this quadrant. In the FMCG category, The Underdog could be replaceable by supermarket private labels.

Quadrant 2, dubbed "The Challenger", is a brand with a low market share but positive share growth. It is a brand that is going places. The Challenger is a niche brand that competes by having a well-defined target market and a highly focused strategy at serving the needs of that segment. The Challenger brand is highly creative and nimble. It often challenges the establishment by coming up with innovative products and services and ways to market them. The Challenger brand might exhibit the potential to become a leading brand as the appeal of the brand spreads beyond its target market, often by word-of-mouth from its loyal customers.

Quadrant 3, dubbed "The Leader", is a brand with a high market share and positive share growth. It is a brand that radiates energy and momentum. The Leader dominates in perception terms the essential brand equities of the category (For example, the essential equities in the luxury goods sector include product design, designer reputation, quality, store décor, image creation, and publicity). Customers are often prepared to forgive some minor errors from The Leader due to the high regard they have for the brand. However, to maintain its leadership position, the brand must continue to stay relevant in its category or better yet lead the changes/innovation in the category.

Quadrant 4, dubbed "The Ex-Champ" is a brand with a high market share but negative share growth. It is a brand that is living off of its past glories. The Ex-Champ still exhibits sufficient brand equity to retain the majority of its existing customer base, but not enough to attract new ones. Simply put, the brand has lost its ability to innovate and stay relevant in its category. However, as the luxury goods sector has clearly demonstrated, The Ex-Champ could be resurrected as there might still be inherent equities in the brand.

Impact of the Brand Leadership Matrix™ on Brand Tracking & Measurement

The Brand Leadership Matrix™ has particularly important implications on tracking and measurement of brand health. Companies routinely spend millions each year to promote their brands. How well is that money spent? Do you employ a regular tracking and measurement system? Do you have a Key Performance Indicator (KPI) agreement with your communications agency? And if so, does the KPI take into consideration your market strategy and your brand's stage of development?

At Leadership Equity Group, we believe that brands should be measured against their intended market strategies rather than a one-size-fits all tracking and measurement system. Brands at different stages of development also require a different set of KPIs.

Brand Leadership Score Card

Market Share	H	The Ex-Champ Existing Customers: <ul style="list-style-type: none"> • Loyalty • Preference Total Market: <ul style="list-style-type: none"> • Esteem • Consideration 	The Leader Total Market: <ul style="list-style-type: none"> • Esteem • Preference • Loyalty • Advocacy New Market: <ul style="list-style-type: none"> • Awareness • Consideration
	L	The Underdog Total Market: <ul style="list-style-type: none"> • Awareness • Consideration • Esteem 	The Challenger Target Market: <ul style="list-style-type: none"> • Esteem • Preference • Advocacy • Loyalty Total Market: <ul style="list-style-type: none"> • Awareness • Consideration • Esteem
		Q4	Q3
		Q1	Q2
		-	+
		Share Growth	

A Quadrant 1 Underdog Brand needs to be measured in terms of awareness, consideration and esteem as other factors such as preference, loyalty and referral are not even on consumers' radar screens for such brands.

A Quadrant 2 Challenger Brand should be measured by esteem, preference, loyalty and referral against the target segment as this is a niche brand with a well-defined market. However, should the niche brand demonstrate ambitions to move to a Leader in Q3, factors such as awareness, consideration and esteem should be measured against the total market.

A Quadrant 3 Leader Brand is the overall market leader and as such, it should measure itself against the total market with advanced KPIs such as preference, loyalty, referral, and esteem. A Q3 brand with a strong Brand Leadership Score Card but relatively low market share leadership and share growth should investigate non-brand reasons for the lack of strong market leadership. Often the reasons might be related to price, distribution, and other barriers to conversion.

A red hot brand in Quadrant 3 might also want to consider extending its brand power to other relevant new products and markets. Thus tracking the performance of the brand with consumers in the new product or market category might also be of relevance. In this case, as the Leader Brand becomes a new kid on the block in a new category, tracking basic Quadrant 1 indicators such as awareness, consideration and esteem will be once again relevant.

A Quadrant 4 Ex-Champ Brand's goal is to preserve its existing customer base. And as such, it should measure preference, loyalty, and esteem against its existing customers. However, it might also want to measure indicators such as consideration and esteem against the total market to ensure that the brand doesn't fall further down the brand ladder. A Q4 brand with a high market share but low Brand Leadership Score Card should either strengthen the brand or examine how invincible its hold on market share really is.

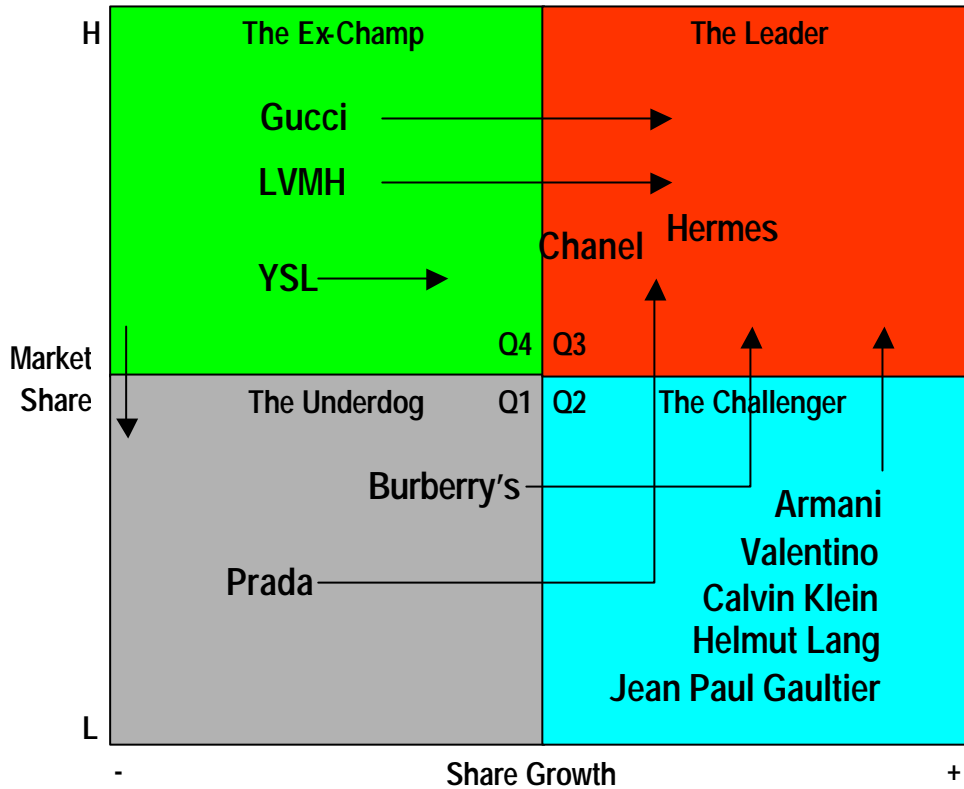
Impact of the Brand Leadership Matrix on Strategy

The Brand Leadership Matrix™ has implications on how brand owners invest, brand, market and communicate their products and services. The luxury sector, where brand image is critical to business success, is a clear demonstration of the strategic implications the matrix has on brands.



A Quadrant 1 Underdog Brand might want to contemplate whether to exit the market or pursue a Quadrant 2 Challenger strategy. Should it chooses to pursuit a Quadrant 2 strategy, then the brand owner must identify a unique target segment and develop differentiated market, brand and communications strategies and roadmap to reach its intended target. Prada was such a brand in the luxury goods sector. When Miuccia Prada took over the brand from her family, it was an unknown Underdog. Prada set out to challenge the establishment by coming up with funky, minimalist yet intelligent designs using alternative materials that appealed to the avant-garde segment of the market. This group of customers quickly became the advocates for the brand to the rest of the luxury market and within a few short years Prada became a Quadrant 3 Leader Brand.

Brand Leadership Matrix™



A Quadrant 2 Challenger Brand might want to contemplate whether to stay in its niche or to invest and move to a Quadrant 3 Leader Brand status. Challenging a leading brand is never easy and a well-thought out, creative and innovative market, brand and communications strategy is critical to success. Calvin Klein is a perfect example of a Challenger Brand. Over the years, Klein has stayed true to his minimalist design roots, but adopted innovative gorilla type marketing strategies and tactics to market his products – from the Brooke Shields “there is nothing between me and my jeans” campaign to the sexy Calvin Klein male underwear model ad campaigns.

A Quadrant 3 Leader Brand is enjoying the fruits of its success. However, it can't afford to rest on its laurels for long as Challenger Brands are always nipping at its heels. A Quadrant 3 brand must always look out for defensive strategies and tactics to fend off the competition. It must also stay on top of key essential equities of the category, especially in markets where there is intense competition. Quadrant 3 luxury goods brands include Gucci, Louis Vuitton, Hermes, etc.

A strong Quadrant 3 brand might have the opportunity to extend the brand beyond its traditional products and markets. However, it must study any brand extension strategy carefully in order to avoid damaging the strong equity the brand has built over the years. Simply put, just having a strong brand doesn't give the brand owner unrestricted latitude to extend the brand to any category or market it so wishes. The brand owner must ensure that the new products and categories fit the image, product quality, positioning and target market of the existing brand. Christine Dior and YSL's brand equities were adversely affected when the brand owners indiscriminately licensed their brands to all types of products – from socks, panty hoses to cigarettes.

A Quadrant 4 Ex-Champ brand might contemplate the option of maintaining the status quo or investing to move back to a Quadrant 3 Leader Brand status. This option is often dependent on the financial health and the marketing know-how of the brand owner as well as the general health of the sector the brand is in. A financially weak brand owner in a low growth sector might wish to treat the Quadrant 4 brand as a cash cow, milking profits as much as possible without significant investment in maintaining the equity of the brand. A financially strong and savvy brand owner is more likely to invest to turnaround a Quadrant 4 brand as long as there are further growth opportunities in the sector. The tired Gucci brand was successfully transformed by the new owner and designer team of Domenico de Sole and Tom Ford within a couple of short years. Tom Ford totally transformed the brand by re-designing all of Gucci's product lines, its store décor, and its image campaigns. The result was absolutely stunning and allowed the brand to quickly recapture its Leader Brand position.

For further information about the Brand Leadership Matrix™, please contact Ms. Shauna Li Roolvink, Managing Director of BrandHub® at 65-6435-7634 or shauna@brandhub.com.sg

About the Author

Ms. Roolvink is the founder of BrandHub. She was formerly the founding Director of Leadership Equity Group (a division of D'Arcy Asia Pacific) and the Associate Director of Brand Strategy at Interbrand. Ms. Roolvink founded the first Brand Strategy practice in Asia and authored the Top 50 Asian Brands League Table. She speaks frequently at branding seminars and events.

About BrandHub®

BrandHub® offers brand related services including brand strategy, brand insight, and brand transformation. Our mission is to help brand owners create measurable and sustaining value through brands.