Chapter 2
Requirements of Growth-Oriented Brand Management

Go home and weave a net, instead of diving for fish in the pond
Chinese proverb

Before looking at the Brand Growth Barrier Model and its advantages, we need to understand the flaws in today's popular approaches to brand management. This will help us identify the key requirements a model for growth-oriented brand management must meet. Several ideas presented in this chapter will strike you as new and inspiring. Some you may have thought about already, but not found a satisfying solution yet. If you come away from this chapter with the impression that your brand management challenges are even bigger than you thought – that's fine. You will find answers to your (new) questions in the next chapter.

One thing is certain: Only brand management that is both effective and efficient will lead to targeted brand growth. And, of course, that's easier said than done. During the past 10 years of working as consultants, we never met a single brand manager who was entirely happy with the effectiveness and efficiency of his or her brand leadership. In fact, most of them were looking for better methods and solutions in at least one of these two points.

2.1 Effectiveness: Doing the Right Things

2.1.1 Exactly What Effect Do You Want to Achieve?

Everyone agrees that brand management and the activities it involves need to be effective. Surprisingly, however, only few brand managers know the precise effect or change they want to achieve. The reason is often a lack of clear facts that would show which brand management problem currently needs to be addressed most urgently and which effect solving that problem should have – especially in terms of brand growth. Is the aim to increase brand awareness? Or is it more important to enhance brand positioning? Do you want to enter the relevant set of new target groups? Or should you concentrate on developing a customer loyalty programme?

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Without a clearly defined effect – a specified target – there can, however, be neither a plan nor effective activities. Because depending on the desired effect, the strategies and measures will be different.

Important Questions to Ask

- *Which target is your brand management currently focused on?*
- *Are you sure that reaching it will lead to the greatest possible growth?*

More often than one might expect, the marketing plans for the current year are astonishingly similar to those of the past. A former marketing manager of a well-known diaper brand recalls: "Last year's plan was changed a bit and adapted to the current product range. And that was the new marketing plan." With a bit of luck that may be sufficient to defend and hold your market position. To achieve continuous and planned new growth for a brand, however, you need to do more.

Of course, you don't have to keep reinventing the wheel. But just repeating what's been done before will not achieve anything truly new – no effect that will differ from last year's and no additional growth. And if others are doing their job properly, your standstill may even mean you regress and are overtaken by your competitors.

Important Question

- *Was the latest marketing plan based on an up-to-date target, or was it based largely on last year's plan?*

Several years ago, that was the situation faced by the brand Aspirin – or more accurately the traditional 05 Aspirin tablet. One of the world's best known pain relievers was no longer just stagnating, but losing market share over an extended period of time. And that was happening despite continued major investments in this sub-brand and a growing painkiller market. So why did all the effort not produce new growth? What was missing was a focus on a defined effect. Aspirin's competitors were very successful, for example in their drive to enter the relevant set of their prospects and become their first choice, i.e. they were considered (and preferred) by the target group more and more often. The objective of the Aspirin tablet, on the other hand, was not sufficiently specific to leverage all forces properly. All the usual measures were implemented, but doing so failed to produce a sufficiently powerful effect overall. The messages communicated by competitors were clear and distinct: "especially fast", "especially well tolerated", "especially low-priced" or "especially good against headache", in other words: "better than others" in some form or other. Meanwhile, the Aspirin branding was almost neutral and relied more on the history and familiarity of the brand. As time went on, even

pharmacists ran out of arguments for the Aspirin tablet, while competitors kept supplying them with good arguments and new facts to present to their customers: e.g. "especially well tolerated even with a sensitive stomach due to specific ingredients".

So the marketing managers of the Aspirin 05 tablet initially faced just one key task, and that was to define just a few brand management objectives focused on growth: to paint a clearer picture of the tablet among patients and pharmacists, for example, and persuade pharmacists to recommend the product more strongly. Clearly defined brand management goals were the precondition for a successful turnaround to achieve at least a stabilisation of sales. This may sound straightforward enough, but Aspirin 05 was by no means the only brand that had to recover its focus.

If the need for a clear focus is so obvious, why do companies not invest the time and resources needed to define clearly what next year's marketing activities are to achieve? One reason is that it's often not easy to opt for a new desired effect or target based on sound information. Should the target be greater brand awareness? Or to win a new target group? Increase loyalty among users? Better distribution? Being able to charge a premium price? The list of possible targets is long.

It would, of course, be nice to say: "Yes, we want all of that all at once!" But that wouldn't work even with unlimited manpower, time and budget simply because some of these objectives are mutually exclusive. So, you do have to decide which effect you're aiming for – and then pursue it relentlessly. And choosing one effect naturally involves a conscious decision against others. A tricky one if you don't have the data necessary to substantiate that decision. And before deciding against a good target, people prefer not to decide at all and take last year's plan out of the drawer again.

Important Questions

- *Can brand management access enough facts and information to decide on the right growth target?*
- *How can this target be pursued consistently, without falling back into pursuing others again, although they were deliberately excluded?*

If the desired effect and target are not clearly defined and you more or less follow last year's plan again, the brand will just stay afloat. That might work for a certain period for brands with high market share. If you're a manufacturer of chewing gum or baby-bottles and soothers with almost 80 % market share, you can live for quite a while just holding your market share and not aiming for additional growth. But only very few companies have that kind of market share, and even those few virtual monopolists will have to contend with stronger competition sooner or later (probably sooner). And then "maintenance marketing" – just taking care of your brand – will no longer be enough. This leads us to the first and most important requirement a growth-oriented brand management approach must fulfil:

Requirement No. 1 of a Growth-Oriented Brand Management Approach

– Effect –

The approach must ensure that specific effects and/or targets that will lead to optimal growth are defined.

The following chapters will explain how you can quickly and confidently come to a decision on the effect you want to achieve next year, and how to achieve it.

2.1.2 Which Brand Management Approach Should You Choose, If Effectiveness Is Your Goal?

There are many brand management models and methods. Some are helpful, others less so. Some have been tried and tested widely, while others are home-grown. The reason is a good one: Everyone dealing with brands tries to improve their existing brand management processes. Marketing professionals want them to become more straight-forward, faster, more productive, more targeted and more cost-effective. The wide range of approaches available makes it increasingly hard to choose the right one and, above all, stick to it for an extended period. Next year or the year after, a recently introduced model may be discarded if another one appears more convincing or if a new managerial appointment leads to a shift in preference. Although a model abandoned so swiftly may not have been perfect, continuous model changes are not good for the brand in the long run. A brand needs a model that is so superior to others that it will not be "driven out" by a new development or approach.

This is vital because one of the key functions of a brand management model would otherwise be lost: the control function. Whatever their differences or similarities, most models do permit a controlling of results. But that control can really only take effect after 1 or 2 years. If you don't give yourself that time, you can never be sure whether you are or have been doing the right thing. And that makes continuous and targeted development of brand growth extremely difficult.

Important Questions

- *How long has your current brand management approach already been used?*
- *Has it repeatedly led to new growth in a way no other model could?*

What exactly was wrong with those many approaches tried to date? What were their weaknesses? Why were they discarded instead of being continued? There are three main reasons:

1. *Lack of understanding of the brand's situation*

One problem in brand management is the enormous variety of ideas and possible activities. There is virtually nothing you couldn't be doing. So how do you choose the activities that really make sense and are best suited to achieve the desired result? To do that, what you need more than anything else is a deep and comprehensive understanding of the brand's current situation.

To assess that current status correctly, you need to answer the following questions:

(a) What are the main "construction sites" (issues) when it comes to managing your brand?
(b) Why do they exist?
(c) How could they be solved?
(d) Which effect would the solution have on brand growth?
(e) What has actually been achieved (seen in retrospect as valuable experience for the future)?

As said before, you usually face a never-ending list of "construction sites": innovation management, packaging design, communication concepts, online shopping, POS presence, market research. In fact, there is no area that could not be improved. The secret of success lies in focusing on one or two big construction sites that can make a real difference. Big doesn't necessarily mean time- or cost-intensive. For us, big construction sites are those that best contribute to brand growth once fixed. They should be at the centre of your model to give clear focus to your brand management. And that's what many models currently don't do: They don't give clear answers to the questions raised above, therefore don't lead to a correct assessment of the status quo and hence don't show what you should focus on.

2. *Insufficient consideration of all possible activities*

Most models fall short when it comes to choosing the right brand building activities. Time and money have been invested, a lot has been learned about the brand, but then one of the most important aspects is left aside: moving from strategies to concrete activities. How do you decide which activities to use in order to address your target group? Who is to draw up the activity and media plan? All activities have their own strengths and weaknesses – be it classical advertising, online communication, direct marketing, POS design, dealer training or promotions. Not all are suited to transport every message. The point is to identify those that will best communicate the current message to the target group. All the effort is only worthwhile if the target group can be influenced as required to achieve your defined growth target. And if that means last year's combination of TV, print and poster is no longer right, then why stick to it?

3. *Limited to marketing*

Too many models also focus entirely on marketing only – both when looking into the cause of problems as well as when developing solutions. But a brand's problem can be caused outside of marketing. Your main issues might lie in distribution. Or maybe R&D has been focusing on areas that are not relevant to customer satisfaction. Mistakes in production and procurement can cause brand problems when dissatisfaction with products or services means that customer don't repurchase.

And looking for solutions in the areas outside of marketing is even more important. Marketing is neither the sole cause of all problems, nor the sole remedy. While it is obvious to look for solutions in other areas if that's where problems have arisen, you might also find solutions there even when the cause lies within marketing. Even if a problem is not caused by R&D, for example, this may well be where it can be solved – for example with product improvements.

Ultimately, the key is to identify the optimal solution, the most promising activities to pursue your strategy and achieve the defined effect. And it always pays to look beyond familiar solutions to achieve more growth.

Requirement No. 2 for a Growth-Oriented Brand Management Model

– Understanding –

The model must ensure that the situation of the brand is understood in depth and comprehensively: What are the major construction sites, why do they exist, how can they be resolved, and what will resolving them achieve?

Requirement No. 3 for a Growth-Oriented Brand Management Model

– Activity planning –

The model must ensure that the activity plan takes account both of tried and tested and of new activities, without being restricted by plans from the past.

Requirement No. 4 for a Growth-Oriented Brand Management Model

– Comprehensive analysis –

The model must ensure that causes and solutions are sought not just within marketing, but also in adjacent areas like R&D, sales, production or purchasing.

Two more principles can help establish a model over a longer period and lead the brand to more targeted growth.

All those involved must believe in the model. It's no use to anyone if after months of hard work and substantial investments the results of a model are questioned by some. Unfortunately, this happens all too often. It is therefore essential to prove that the model is right and matches reality. This is best done by establishing a solid relation between the model and the real success of the brand on

the market. Are the sales or market shares reflected in the model? Does the brand strength indicated by a model match the brand's market position? Only if you can prove measurable and sensible relations will all your stakeholders believe in the model's analysis, recommendations and forecasts and take them seriously in their work.

Requirement No. 5 for a Growth-Oriented Brand Management Model

– Credibility –

The model must be credible for everyone involved to ensure it is taken seriously and worked with consistently. This is achieved by presenting credible relations between the model and reality.

The action recommendations of some models also have their weak points. Most marketing professionals have already worked with different models, consultancies, institutions and agencies and no doubt gained valuable new insights from doing so. But at the end of every model or project, they are left to find out for themselves how exactly to implement recommendations like "the brand must become more emotional" or "the brand must become the best friend of modern housewives". Especially projects largely based on depth psychology market research tend to deliver only vague results that are hard to implement. Here, you should rely on your common sense to tell you whether you can truly work with such results. The basic rule: If you yourself already have a problem understanding the logic of a recommendation, implementing it will certainly not be easy and probably not very successful.

Requirement No. 6 for a Growth-Oriented Brand Management Model

– Practicability –

The model must ensure that recommendations for action are concrete and logical to support optimal implementation.

The Brand Growth Barrier Model described in the following chapters not only helps identify major construction sites and the expected effect of solving them, but also recommends clear, hands-on actions needed to do so.

Important Questions

- *Are all construction sites, their order of priority and the methods for resolving them clearly understood?*
- *Does the activity plan already include all tried and tested as well as possible new activities that are best suited to resolve the problems identified?*

(continued)

- *Are causes and solutions also sought outside marketing – e.g. in sales, R&D, production or purchasing?*
- *Is the model realistic enough for all stakeholders to believe in it? Or will the results be called into question?*
- *Are the action recommendations clear and specific?*
- *Can they be implemented in a practical and swift way?*

In fact, a brand management model should be able to do even more than that: It should also have a controlling function. As mentioned above, the main problem here is a lack of model continuity. But control is absolutely indispensable. Even if you have succeeded, for example, in initiating projects for a more emotional brand (if that's the solution), you still need to know when the brand is emotional enough – and which effect this change actually had on brand growth. Answering these questions remains a challenge. Which effect did the individual messages and activities actually have on the overall development of your brand? Did the investment pay off? And, above all: What do you do next? Should you stick with the existing focus or replace it? This naturally also depends on how other areas and construction sites have developed in the meantime. What you need is a fresh new overview of the whole brand situation.

Requirement No. 7 for a Growth-Oriented Brand Management Model

– Control function –

The model must ensure that activities and their effects are predictable and measurable to permit continuous control. This is the only way to guarantee that you learn from errors and gain valuable insights for the future.

2.1.3 Which Facts and Figures Really Help?

Most brand managers already have 70–80% of the facts and figures they need to understand which brand building activities are necessary, prioritise them and know what effect to expect. But interestingly, only few really use that information fully. This will become even clearer in Chaps. 3, 4 and 5: they present the whole range of things you can learn and understand by analysing your data using the Brand Growth Barrier Model (BGB Model).

A lot of data is left more or less unused because it is collected or purchased independently by different users. But in many cases it's all there: valuable qualitative and quantitative data from household panels, concept tests, product tests, brand image studies, consumer studies, copy tests, etc. But hardly anyone sits down and looks at all of the data to create a comprehensive analysis of the entire brand with all its different construction sites. Finding time for regular reviews of all brand data in

the bustle of day-to-day business is admittedly not an easy thing to do. And you do need a clear methodology or system to come to meaningful results. Without a clear focus on certain aspects, you are more likely to drown in details when viewing the material. So it's not surprising that people rarely make the effort to develop a complete picture from those thousands of data snippets.

Important Question

- *How often are your data analysed comprehensively to get the full picture?*

However, you need that overall perspective to find out how to make your brand grow. The Brand Growth Barrier Model (BGBM) described from Chap. 3 onwards presents a systematic method for analysing all data and creating a complete picture of your brand's situation.

Requirement No. 8 for a Growth-Oriented Brand Management Model

– Working systematically –

The model must ensure that all data, facts and figures are examined systematically to derive a valuable understanding of the situation and interpret the insights correctly.

It is also important to know which performance indicators are really helpful, and which not. Almost everything can be measured, but not every measurement is useful. Our model also helps make your market research more efficient since it clearly shows which indicators are essential and should be measured regularly.

Important Questions

- *How well does your current market research show where new growth should come from and how it can be realized?*
- *Is every indicator measured really helpful and necessary?*
- *Are important indicators missing?*

Ultimately, the essential thing to do if you have a wide range of indicators, data and facts is prepare them in a form that enables managing directors, board members or marketing directors to obtain a clear and objective picture of the current situation easily and then take the appropriate decisions. Such a presentation is not only helpful for that initial decision, but also helps track trends and developments over extended periods. After all, every decision-maker wants to be sure that investments in the brand pay off. And that brings us to the next topic – efficiency.

2.2 Efficiency: The Biggest Bang for the Buck

It has become clear that going for the right desired effect is all but easy. So how about the thorny issue of efficiency? How well is your marketing budget spent? And for what exactly? Budget planning is always a period of heated discussion and negotiation, and those with the better arguments and solid data will clearly have a head start. The trouble is that sound arguments, data and information are not always available. The uncertainty already begins with the question of who is to get how much budget.

2.2.1 Marketing Versus Sales

The budget allocation between marketing and sales always gives rise to intense discussion. Marketing and sales don't always cooperate well. In fact, artificial boundaries are sometimes erected between them. The inevitable result is that their budgets, tasks and initiatives are insufficiently aligned. In theory everybody knows that marketing and sales need to cooperate to strongly influence the purchase decision process of the target group. But what you get in reality is – in the worst case – subliminal or even open rivalry, where every failure is the other's doing and every success one's own. And every year sees a repeat performance of that great battle for budget.

Whichever way it ended last year – be it 50:50, 30:70 or 70:30 – a very different allocation may make sense for the coming year. The key question is, again, very simple: Who is in a position to achieve the greater effect? The answer is not quite so simple and requires a sound understanding of the brand's key construction sites. Sometimes, they can be mainly addressed by marketing and sometimes more by sales activities. Whichever is the case, success will always require joint action.

Important Questions

- *Is the budget allocation between marketing and sales directly related to the problem areas that need to be addressed?*
- *Has it been made clear who can achieve the greater growth effect?*

In some product categories – often in the B2B segment – the sales function has always played the key role. In others, marketing usually has the greater leverage. Budgets have therefore tended to be allocated accordingly. But even where the allocation seems predetermined, it is worthwhile to investigate the respective potentials of both functions more closely with reference to problems that need to be solved.

This doesn't mean you need to start afresh every year. Both marketing and sales need a certain basic budget that changes only little from 1 year to the next. On top of that come the budget items for specific projects and campaigns, and this is where the problem areas should come into play. If your brand is not growing mainly due to weak brand positioning, marketing will certainly generate the stronger growth effect. But if actual sales are the problem (e.g. due to listing problems), appropriate sales projects will be more effective. And if both areas are responsible, the aim must be to determine which can generate stronger growth, and by which means.

The budget allocation decision is far easier if information about the main activities and their potential growth effects is available. If not, the heated arguments will continue until whoever is loudest, more persistent, cleverer or just better connected carries the day. The growth potential that has been lost by that kind of procedure to date is probably everything but negligible.

2.2.2 How Much Do You Really Want to Spend?

Before deciding into which activities companies want to invest their brand management budget, they need to decide how high it should be. At which point does a budget become so small that even guerrilla marketing cannot achieve much and you'd be better off saving that money? And at what point are you simply going overboard with your budget? Here too, you can try the simple approach: a TV, print and radio campaign for six million last year – a TV, print and radio campaign for six million this year. Or maybe 5.5 million. No time-consuming investigations, no arguments, no opposition – and most likely no new growth.

Sometimes, however, the exact opposite happens. Management no longer bases its budget decision on the past. Instead, everything is suddenly up for review. Companies then use methods like zero-base budgeting. In endless discussions, they attempt to assess all activities by their contribution to the bottom line and costs. All activities are called into question and have to be argued for afresh. Here, a decision based on data and facts is essential to show quickly and clearly which activities are necessary and which effect they will have.

In any case, you need to ask a key question first: How much growth can be achieved theoretically, or what exactly is your growth target? You can only determine how high your budget should be once you know how much new business can be generated and where it is to come from. If the potential growth is high, a larger budget is justified. You first need to know your growth limit to identify your budget limit. Although the drive for growth should be unrestricted, growth itself may have limits, at least in the short term. These limits are not easy to push, no matter how much you invest initially. Successful resource planning based on your brand management model therefore also means knowing your limits and where to set your target within your range.

Important Questions

- *Are your budgets mainly set based on last year's budgets?*
- *Have you clearly determined how much growth is achievable and derived the required budget from that?*

In addition to your key brand activities, it is also vital to understand the market environment and what your competitors are doing to see what works and what doesn't. You will learn more about that in the next chapter.

Requirement No. 9 for a Growth-Oriented Brand Management Model

– Resource planning –

The model must ensure that resources are allocated in a way that enables use of the levers – e.g. in marketing or sales – that promise the greatest growth. The budget should be derived from the amount of growth to be achieved.

2.2.3 How Is Marketing Money Invested Best?

"I know half of my advertising budget is wasted, but I don't know which half." This statement by Henry Ford is often quoted. The astonishing fact is that no satisfactory solution to the problem of return on marketing investment (or brand investment) has been found in the more than 90 years since. The results of individual activities, for example the response rates from mailing campaigns, can be measured. But to what extent they really influenced sales is harder to say.

Important Questions

- *How accurately do you know the return on brand investment of your campaigns?*
- *How satisfied are you with their cost-efficiency?*

Brand managers often regard the efficiency of their campaigns and activities as sub-optimal. They believe that substantial increases in sales are principally possible, but only if the right product or service is presented to the right customer in the right channel at the right time. It just seems as though the methods, instruments and organisations currently used don't permit designing a campaign whose cost-efficiency is predictable and measurable.

So the situation remains as it is: The majority of campaigns don't achieve the desired effect and have little influence on sales. Worse, a campaign break-even is

often not achieved. And even doubling the advertising budget often leads only to minimal sales increases of a few percentage points. Why is that and how can things be improved? Negative results frequently occur with traditional campaigns. Of course, that doesn't mean you should avoid the traditional media. It just means that they should be selected with the same care as all other channels. And people often find that more difficult than you might expect. Since TV and print always seemed to work in the past, many brand managers keep relying on what seems tried and tested – and miss out on growth opportunities in the process.

Indeed, the structures of marketing and media plans remained the same for a long time. The division into above-the-line and below-the-line is still often applied. People take the traditional media and embellish them with a bit of new media. But how exactly do they decide how much to invest in above-the-line and how much in below-the-line? Which business objectives does that allocation target? The answers to these questions are usually not very satisfying. Why did marketing opt for print ads in dailies for this particular campaign? Because that's what they did last year. Well, OK – but couldn't the entire environment, including your own brand, have changed since? And maybe it was already the wrong medium last year. Who can prove that a contact on radio is worth less for your brand than a contact in a consumer magazine?

The point is to scrutinise all available media and activities as to their cost-efficiency. They are justified only if they have really proven to help the brand achieve the desired effect and sales target efficiently.

Important Questions

- *Which rules govern the creation of your marketing and media plans?*
- *To what extent are new plans responsive to current and changing conditions and, above all, new targets?*

Something will certainly have changed since last year. The competition will not have slept. It may even have been rather clever and creative. Some weaknesses of your own may have been corrected. New challenges have emerged. The target group displays new potential. Your entire growth strategy may have changed. And, above all: the desired effect is more than likely to be a new and different one. You can't simply ignore these changes. Would anyone execute their moves in a game of chess as planned without looking at what their opponent has been doing with his figures in the meantime? And, as in a game of chess, you need to watch and understand the whole board – the whole situation – instead of merely reacting to a single move by your opponent.

What becomes clear is this: Only a precise and, above all, regular examination of the entire brand situation, your brand management activities, the position of your competitors, the prioritisation of your activities and the expected growth potential will show what needs to be done. And only this kind of insight can help you design

your brand investment to ensure that customers aren't just addressed by individual activities, but directed towards the desired target: a purchase.

Requirement No. 10 for a Growth-Oriented Brand Management Model

– Cost-efficiency –

The model must evaluate and ensure the cost-efficiency of brand management and all its activities.

2.3 Achieving Growth Even During a Crisis

When looking at crises and their effect on brands and brand management, it soon becomes clear that the impact of a crisis and the reactions of consumers and companies depend on what kind of crisis it is.

A classical economic or financial crisis produces more cautious consumers and investors. People save more, focus on price and lower their expectations. The driver here is the worry about a company's future or your own financial situation.

A currency upheaval like the current Euro crisis, on the other hand, can mean that saving is not necessarily regarded as a solution. This applies especially in countries which are still relatively prosperous. Here, consumers' biggest concern is the loss in value of their currency. Money becomes less attractive and is consequently spent – on real assets like real estate, valuables, commodities, gold and silver.

But most brand managers will regard the reactions to "classic" economic or financial crises as more relevant. This is why we look primarily at their effects below.

Overall you see that economic or financial crises have three major effects on brand consumption and hence on brand management.

1. *Consumers and customers choose less expensive brands*

This response is typical for the necessaries segment: the majority of foods or hygiene products like toilet paper.

It becomes increasingly difficult for high-quality brands to prevail against cheaper brands like private labels or the offers of discount chains. In some categories and countries, the predominance of private labels is, indeed, impressive. The countries where low-price brands and discounters have almost captured entire product categories include Germany, Switzerland, Spain, France and Britain. Especially affected are low-involvement categories like toilet paper or paper towels. A crisis intensifies this trend, especially in categories where buying low-price brands has long been accepted. These developments can reach the point where even leading brand manufacturers are fully de-listed or decide themselves to withdraw from an excessively competitive market.

However, even categories more closely associated with a sense of personal security and self-esteem – values that gain in importance in a crisis – are affected. Body care and health products, for example, may not yet be as strongly hit as the low-involvement categories, but they do feel the pinch.

The challenge per se remains unchanged – brands continue to operate in a highly competitive environment and have to convince their target groups of their products and cost-benefit ratio. What has changed is the pressure on price. Here, the market simply grows more competitive, so that the product or service needs to be marketed attractively to ensure that the right cost-benefit ratio is maintained in the eyes of consumers. Just "sitting out" the crisis is not a good solution, by the way, because studies show that consumers quickly get accustomed to buying certain products more cheaply or from discount chains and stick to that behaviour even after a crisis has passed.

In the B2B sector, too, prices partly become more important, so that lower quality is accepted as long as that seems justified. More often, however, orders or projects are suspended entirely or postponed to the (hopefully better) next year. And that takes us to the second effect of the crisis.

2. *Consumers and customers consume and invest less overall*

In addition to increased preference for low-price offers, market shrinkage due to a crisis is observable in some categories. People simply do without certain things or at least postpone some purchases. This applies above all to products one can forgo most easily. However, it excludes the "small pleasures" everyone wants to enjoy once in a while, compensating for frugality: wine, sweets or lipsticks often benefit in times of crisis.

Tourism, for example, is one of the sectors that suffer. Global visitor numbers and visitor spending declined after the crisis year 2008. To date, not all regions have recovered. Both private and business travellers consider the cost and necessity of a trip very carefully. Do you really need to sunbathe under the palms on a Pacific island beach, or will the deck-chair in your own, hopefully sunny garden not do just as well?

Restaurants are another segment that both business and private customers feel they can visit less often. At the same time, compensatory cocooning is on the rise. When people save on "out-of-home entertainment" and the general sense of dislocation increases their desire for security, those who can afford to invest in their homes do so: in furniture, decoration, renovations and electrical appliances.

So, the familiar argument "I don't want to buy this (because I think it's too expensive, for example)" is at least in part replaced by "I (believe I) really can't afford this". This point is usually reached first in the high-price categories. However, in most cases the price decisions remain a matter of attitude and not real lack of funds. Whichever way, consumption needs to be promoted – either by adjusting the target group, offering financing support or by changing that attitude.

3. *Brand management budgets are cut or scrapped*

Without effective brand management initiatives or an economic upturn, points 1 and 2 ultimately lead to reduced sales or the expectation of reduced sales and hence to less budget for the near future. Or the existing budget is set aside to compensate expected income losses in crisis-ridden countries. These cutbacks then tend to affect all areas – strategic brand management, operations, innovation processes and internal training programmes.

The consequence: For strategic brand management it becomes all the more important to achieve maximum impact (due to more intense competition) and maximum efficiency (to cope with reduced budgets). The more severe the crisis and its effects on the brand's business are the more urgent and beneficial the BGB Model presented in this book will become. After all, a crisis is a barrier to further growth.

The requirements the model has to meet don't change in a crisis; its application is independent of the particular economic environment. The questions to be answered also remain the same. But the answers will now be different. The barriers will differ as they will also, though not only, be caused by the crisis. The task nonetheless remains the same: to identify, understand and overcome barriers.

Past experience has shown that the model can raise both sales and price in good periods and hence drive sales income. Even when budgets are reduced, the effectiveness and efficiency achieved are sufficient to keep raising sales. And even when budgets are cut to the bone, at least the current level of sales can usually be maintained.

Sticking to solid growth-oriented brand management even in a crisis always pays off. This is so because every crisis also presents many opportunities. If everyone else falls silent, you can seem "loud" even with reduced funds and achieve more than in other periods. Companies that successfully defend their price in a crisis will benefit afterwards – because those who lowered their price and hence their quality image will find it hard to raise them again once the crisis is over. Those that stay close to consumers during the crisis – when consumers change their habits faster than at any other time – will understand their new habits better. And companies that keep investing in new ideas during a crisis will have a lot of powder in their casket afterwards, i.e. many innovations for consumers who are happy to buy again.

2.4 Many Questions, One Answer

Looking at the challenges and issues described above, it becomes clear that a comprehensive solution that ensures greater brand management effectiveness and efficiency and hence stronger brand growth must fulfil quite a list of important criteria:

Ten Requirements a Growth-Oriented Brand Management Model Must Meet

1. ***Effect***
   The model must ensure that specified effects or targets are defined and that achieving them will lead to optimal growth.
2. ***Understanding***
   The model must provide a deeper understanding of the overall situation of the brand: the major problems, why they exist, how they can be solved and which effect solving them would have.
3. ***Activity plan***
   The model must ensure that all possible activities are considered in activity planning, without being restricted by past plans.
4. ***Context analysis***
   The model must ensure that problem causes and solutions are sought not only in marketing, but also in adjacent areas like R&D, sales, production or purchasing.
5. ***Credibility***
   The model must be credible in the eyes of all stakeholders to ensure they work with it consistently. This requires a clear demonstration of the relationships between the model and reality.
6. ***Focus on practice***
   The model must ensure that all action guidelines and instructions are concrete and comprehensible to guarantee optimal implementation.
7. ***Monitoring and control***
   The model must ensure that the activities proposed and their effects are predictable and measurable to permit continuous control. This guarantees that you learn from mistakes and build up experience for the future
8. ***Systematic approach***
   The model must ensure that all data, facts and figures are analysed systematically. Only that can provide a reliable understanding of the situation and permit a sound interpretation of the insights gained.
9. ***Resource planning***
   The model must provide sound resource allocation which ensures that the levers best suited to achieve optimal growth are applied – e.g. in marketing and sales. The budget amounts should also be based on the growth that can be achieved.
10. ***Cost-efficiency***
    The model must examine and ensure cost-efficiency of all proposed activities.



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