

Extending Your Technology Brand

By: Denis Riney
Group Director, Strategy
driney@siegelgale.com

Brand extension in the technology category isn't easy. Ever-shortening product life cycles, rapidly converging categories and a constant stream of new technologies give technology marketers little time to establish their brands, let alone find logical ways to extend them. With the notable exception of Apple, who has brilliantly managed multiple brand extensions from iMac to iPod to iPhone, there are few stories of successful brand extensions in technology.

The concept of extension is well-known to consumer product marketers. In the classical definition, there are two types of extensions: line extensions (for example, Colgate creating mouthwash, whiteners, etc.) and brand extensions (e.g., Virgin creating Virgin Mobile, Virgin Atlantic, and Virgin Bride, among many others).

+ IN TECHNOLOGY, THE CLASSICAL DEFINITIONS DON'T APPLY. THERE ARE FOUR TYPES OF BRAND EXTENSIONS UNDERWAY RIGHT NOW: TOP-DOWN, BOTTOM-UP, HORIZONTAL, AND MULTI-DIRECTIONAL EXTENSIONS.

A **top-down extension** is one in which a company that has had great success in selling big-ticket items to large organizations tries to rescale its offerings for smaller, more price-sensitive buyers. One example is SAP, a firm who's trying to extend its position as an enterprise resource planning (ERP) provider for the Fortune 1000 into solutions for small and medium-sized businesses. Although the firm has created sub-brands for its SMB offerings (like SAP Business One), it is struggling to shake off the perception that SAP products are too cumbersome and costly for small and mid-size firms.

Bottom-up extensions are especially common in categories where the lines between certain types of technologies are rapidly blurring. For example, in response to increased competition from Microsoft, Symantec is trying to upscale their brand appeal beyond their historical position as a security software provider. They have acquired a number of companies in new categories and have thus far decided to retain most of the acquired brands. Their acquisitions include Veritas (storage management) and Altiris (systems management). By keeping these brands in place with a strong Symantec endorsement, Symantec hopes its masterbrand will eventually take on the equities that will allow it to win as an enterprise infrastructure provider.

The best example of a **horizontal brand extension** in technology is IBM. Since the 1990s, they have been on a quest to extend their position from being a purveyor of technology products and services to becoming a business-savvy solutions provider. With a substantial advertising budget, IBM has been funding a number of campaigns designed to establish their "business credibility" – namely, their ability to offer broad-level consulting advice in addition to IT products and services.

Dell is a firm trying to accomplish the difficult task of **multi-directional brand extension**. On the B2B side, they are in the process of leveraging their strength in PCs and low-

end servers to take on larger, more complex enterprise-wide solutions. On the consumer side, they have plastered their masterbrand on TVs, printers and other selected consumer devices.

Why are these firms having trouble moving their brands successfully from one category to another? The solution is beyond simply developing a shiny new product design or a promotional campaign.

The right way to crack the code on brand extension is to adopt a more holistic approach to brand management called **Brand Portfolio Management (BPM)**. This is the process of converting an organization's brand inventory into a group of measurable value creating assets. BPM requires three critical steps:

1. A needs-based customer segmentation that uncovers the category tablestakes and drivers need to win, and sizes the prize in terms of revenue and profit pools.
2. A reassessment of the brand's positioning and the specific customer touchpoints that define the purchase experience (before, during, and after the sale).
3. A robust brand architecture solution that maps the firm's existing brand portfolio against customer needs and, if required, allows for the creation of new brands to tap into "white space" opportunities.

Many technology companies pay lip service to steps 1 and 2, relying on either unquantified rules of thumb or anecdotal information about customer behavior, usually gleaned from the sales force or feedback from channel partners. Without a deep understanding of customer insights and the related economic opportunities in each segment, brand extension exercises can degenerate into guesswork.

Microsoft is the most prominent example of a firm that has embraced the BPM approach. In 2002, Microsoft realized that to achieve its long-term strategic goal of being a "software as a service" company, it would have to redefine the Microsoft masterbrand. They needed to stand for more than just shrink-wrapped software programs like Windows and Office.

Armed with a new positioning around the concept of "helping people realize their potential," Microsoft first needed to simplify its brand portfolio. It had grown to include over 300 product names, initiatives, and programs that were fighting for customer attention with the masterbrand.

After collecting and sifting through their customer segmentation data, Microsoft began the process of recasting their brand portfolio. First, they set up a process for winnowing out over 250 product names that were masquerading as brands. They gained internal support for organizing a limited number of strategic sub-brands (such as Windows, Office, MSN, X-BOX and others) around a small number of well-defined customer segments. They put in place a clear set of rules to govern when, where and how the Microsoft brand should be extended and coupled it with a disciplined approach to the creation of new sub-brands.

As a result of this process, Microsoft has built a BPM infrastructure that allows them to not only better manage their brand investments, but also create new permissions for Microsoft much more easily and efficiently.

The full-blown BPM approach described here is still only being pursued by a handful of technology companies. When followed holistically, BPM is a compelling strategic framework that can help any technology company move its brand into new territories with minimal risk.

For those companies wishing to get started with BPM, remember these key points.

1. Take emotion out and get the best customer data you can to inform the process.
2. Organize for success by establishing a brand council, consensus-building workshops, and feedback loops.
3. Identify quick wins, like cost-saving opportunities and the elimination of non-strategic brands.
4. Finally, don't expect instant results. Institute a brand tracking process and communicate progress broadly.