

Doctoral thesis summary

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Brand Portfolio Management According to Byron Sharp in The Light of STP Concept

Keywords: *brand management, brand portfolio management, segmentation, positioning, targeting, STP, Sharp, evidence-based marketing*

The research area concerns the issue of brand portfolio management, its foundation concepts and paradigms. The subjects of research are organizations which manage portfolio of brands, and more precisely their behaviors, decisions and convictions within brand portfolio management area, as well as their results. The main research problem is to assess the opportunity to improve results of brand portfolio management by comparing Sharp's recommendations and STP-based concepts. The intellectual construct created as part of the thesis allowed to transfer discussions about brand growth models into the brand portfolio management area, and the conducted research was used to compare the results of organizations using particular models of brand portfolio management.

The main purpose of the thesis is to identify brand portfolio management model which delivers more beneficial results, in the aspects of market results and the efficiency of market activities, both measured via perceptual data (respondents' opinions). The detailed objectives relate to identification of theoretical conditions of brand portfolio management, comparison of Sharp and STP-based models, as well as defining differences of results they bring to organizations applying them when managing their portfolio of brands. The application purpose of the thesis is to create recommendations for practice of brand portfolio management, based on the research results and conclusions.

The following main hypothesis was established in the thesis: HO: organizations managing their brand portfolios as per Sharp's recommendations are delivering more beneficial results than organizations managing brand portfolio basing on STP model.

For the main hypothesis, the following research hypotheses were formulated:

H1: Brand portfolio management in tested organizations is based largely on STP model

H2: Organizations managing their brand portfolios basing on Sharp's recommendations are delivering higher declared market results (revenues, profits, market shares, brand power) than those basing on STP model

H3: Brand portfolio management based on Sharp's concept provides (comparing to STP-based one) higher declared efficiency of market activities within areas of brand portfolio management.

The structure of the thesis are four thematically related chapters presenting both theoretical background, as well as empirical research. The theoretical basis contained in the first three chapters allowed to conclude that despite lots of available classifications and concepts there is no science consensus nor clear, single-minded guidelines for brand portfolio management. At the same time growing number of brands in organizational portfolios is making this area strategically important, while limited knowledge is creating potential space to build unique competitive advantage. The analysis of literature revealed that current theories are largely based on the concept of segmentation, targeting and positioning. Those concepts are rooted so deeply that often not even mentioned directly, while still majority of conclusions and recommendations currently offered within brand portfolio management domain is based on STP paradigm. It is also known that STP, despite being logical, well described and internalized concept, has been widely criticized for it's unpracticality and lack of real-life results. It is therefore obvious that both researchers and practitioners are looking for alternative concepts of how to grow brands. The alternative seems to be work of Byron Sharp, rooted in evidence-based marketing (EBM) and offering new way of looking at brand growth. Sharp's model based on mental and physical availability and brand distinctiveness is actually opposed to STP-based concept. Those two concepts result in different conclusions and guidelines of how brand should be grown, and they can be applied to brand portfolio management area as alternative (although not dichotomous) foundation paradigms, leading to different recommendations, actions and therefore results, which is main assumption of the thesis.

The theoretical background of the thesis was the basis for the presentation of methodology and results of the research. The main goal was to answer the question of which model (Sharp's or STP-based) is delivering more beneficial results of brand portfolio management. The process included five stages. During the first stage the intellectual construct was created, allowing identification of independent variables (key markers describing Sharp's model and STP model) as well as dependent variable (results, described via declared market results and declared efficiency of market activities). The second stage was exploratory research, conducted via IDI with science authorities (four experts) and allowing to verify both intellectual construct and overall research design and method. Basing on the outcomes the measurement tool was built (questionnaire) for the purpose of main research. During stage three the questionnaire was tested during pilot research (seven respondents) and corrected, to be used in main quantitative research. The main research was conducted between 20th of August and 4th of September 2018, with main objective to verify research hypothesis H1-3 and as consequence to verify main hypothesis H0. The research was conducted using CAWI method on 342 organizations, chosen purposely out of commercial

databases (purchased access) using the criteria of at least 3 brands managed in the portfolio. Data collected via research was subject of series of SPSS aided statistical analysis during stage four, both on measurements reliability (EFA, Alfa Crombach and others), as well on results (ANOVA and others). Results and conclusions formed during stage four were discussed and critically evaluated during interpretation research (stage five), conducted via series of IDI's with science experts (4 persons), allowing to discuss, fine tune and extend conclusions and interpretations.

The research results indicate that there is no dependence between brand portfolio management model (STP or Sharp) and results delivered by examined organizations, which is driven by lack of cohesion in their behavior. In particular brand portfolio management areas (brand introduction, budget allocation, brand extension, portfolio reduction) organizations declared behaviors connected with different models, therefore final model attribution was not driven by conscious and cohesive strategy, but was the outcome of different attributions in different areas. The suspected reason for this is lack of formal knowledge about brand portfolio management models, which makes organizations making their choices using business intuition rather than formal approach (model). The research results indicate that the main factor differentiating results is not the model (STP or Sharp), but the brand portfolio management strategy, expressed by the level of focus the organization has on the market aspects of brand portfolio management, on top of obvious financial and operational ones. There were two main strategies identified. The "expressive" strategy is identified by behaviors strongly connected with model-specific factors, allowing to attribute the organization to Sharp model, STP model or intense model (with high level of behavior characteristics/markers of both STP and Sharp). The "general" strategy is based mainly on financial and operational aspects, where market-connected behaviors are not strong nor characteristic enough, not allowing to attribute them to any of identified models.

As per research results the dominating brand portfolio management strategy is "general" one, realized by 54,1% of examined organizations. Within the "expressive" strategy the STP model is used more often than Sharp's on the overall level, however there are significant differences depending on the area. STP-based behaviors are especially popular within new brand introduction domain, while Sharp model is largely used within budget allocation domain. This can be explained by area characteristic, and more precisely by the frequency of actions organizations are making within particular area and learning coming out of it, differentiating the balance between intuition and own experience vs. formal know-how only, as base for decisions and behaviors in each area.

The research results suggest the relation between the brand portfolio management strategy and results. Examined organizations which declared "expressive" brand portfolio management strategies (regardless the STP and/or Sharp model they base on) declared also higher market results and higher efficiency of market activities than those which declared

“general” strategy. This can be interpreted in the light of organizational know-how and market orientation. Sample profile analysis revealed that organizations executing “expressive” strategy are those who employ more people and market to both domestic and foreign markets vs. “general” strategy representatives, which may be connected with higher level of competitiveness and therefore better results.

As result of conducted research and analysis research hypothesis H1 (dominant scale of STP-based model), as well as H2 and H3 (higher market results and efficiency of market activities of organizations using Sharp-based brand portfolio management vs. those basing on STP) shall be negatively verified. In a consequence main hypothesis H0 has been verified negatively, too. From the result point of view there are no statistically significant differences in results delivered by organizations using any of two models (Sharp or STP). However, application of any of models (Sharp, STP or both of them as intense model), which is the sense of “expressive” strategy brings to organization better results than “general” strategy (no model applied) and this is main differentiating factor.

On the basis of the conducted research, the main recommendation for business practice is to stronger concentrate on market aspects of brand portfolio management, on top of financial ones and obvious “general” business context. In practice that means increasing the level on knowledge about brand portfolio management, both in terms of formal structures, as well as building own base of know-how, experience and business intuition, leading to unique behaviors systems most efficient for particular organization.

Nevertheless, the presented research results should be approached with caution and considering their limitations, coming from measurement (non-representative sample, perceptual data) and also the construct, which by definition sets the frame within which results can be discussed. This creates a field for further research – going deeper into particular brand portfolio management areas would be recommended, to explain diversified organizations behaviors, as well as using representative sample and transactional data, which would allow wider application of conclusions. This would require obviously different method, as well as redefining both model markers and notions of results, and significantly higher resources.