Using an overlapping-brand strategy to your advantage in industrial products

So your industrial products company is struggling with the confusion created by having multiple brands of similar offerings. It wouldn't be so bad if one brand were clearly higher-end (e.g., Acura/Honda); but your sales rep cannot answer the question "what's the difference between these two things?". Customers are confused, skeptical and even distrustful. The bad news is that this is problematic for your business. The good news is that many industrial companies have turned this "problem" into an advantage.

Overlapping brands are typically the result of acquisitions. Maybe smaller competitors were available for good prices and the company bought them. The problem is that many companies make these types of acquisitions without carefully thinking about how to integrate them into operations effectively. When confronted with a messy situation like this, the knee-jerk reaction is often to over-simplify by migrating all offerings to a single brand. But that may be hasty… an overlapping-brand strategy can be very effective, if deployed correctly.

There are examples of successful overlapping-brand strategies all around us: Enterprise Rent-A-Car rents cars under Alamo, Enterprise and National brands. Kraft sells frozen pizza under California Pizza Kitchen, DiGiorno, Jack's and Tombstone. Whirlpool sells appliances under Kenmore, Maytag and Whirlpool (in addition to a few smaller brands). All of these organizations wound up with these overlapping brands through acquisition and have derived tremendous benefits from the strategy that they wouldn't want to lose. Industrial products companies can reap similar benefits:

- *Multiple attempts at landing a customer's business* – Customers often review multiple options when trying to solve a particular problem. If an organization is able to present multiple, viable solutions; it may have a greater chance of converting the sale.
- *Enhanced channel management (e.g., minimizing conflict, creating motivation, gaining scale)* - When channel partners have to compete with each other by selling the exact same offering in the same market; it drives down their prices, increases the required effort and generally de-motivates them. Fewer competitors with the same brand means less conflict and more attention.
- *Minimized loss of revenue that typically occurs in brand migration* - Virtually any attempt to migrate one brand from another results in some type of revenue loss. The less differentiated the product is, the higher the loss. Minimizing migrations reduces loss.

So the obvious question is "if the overlapping brand strategy is so smart, why do so many industrial companies find it problematic?" Simply put, they're not executing it correctly. Those that execute it correctly tend to know how to separate and manage the brands effectively:

- *Separate the go-to market approach.* Don't give customers the opportunity to compare offerings from the overlapping brands together. Utilize separate channel partners, sales forces and customer-facing communications (e.g., invoices, marketing materials).
- *Give all brands adequate attention.* Ensure that all brands get the internal attention they need to thrive. Research has shown that the larger the difference between the size of the brands, the more important it is to separate them, even aspects customers never see (e.g., R&D).
- *Don't use the exact same products in different brands.* Differentiate the products enough that customers perceive a difference across brands. When customers perceive that the same product is sold under different wrappers, they may feel like they are being deceived, especially if there is a price difference. It is acceptable for products under different brands to have very similar functions and performance characteristics, but they should have discernable differences. The more expensive, specialized or frequently purchased the product is; the more important differentiation is.

The single most important step in taking a messy overlapping brand situation and turning it into a competitive advantage is coming to the realization that the company is probably not going to realize all the costs saving synergies targeted when the acquisition was first conceived. Some elements will need to be duplicated. Once everyone comes to grips with that, the hard work can begin.

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