Why Companies Are Advertising Their Master Brand

Recently, both Hershey and Coca-Cola have switched to a master brand strategy. Instead of promoting, for example, Hershey's Syrup, chocolate bars, and Hershey's kisses separately, the company is running an advertising campaign that unites all Hershey branded treats in a single commercial, emphasizing the corporate brand name over individual product lines.

While companies that operate multiple business units or multiple product lines have always had the option of employing a master brand strategy (such as BMW with 3, 5 and 7 Series models), branded house strategy (such as Proctor & Gamble with Ivory, Pampers, and Tide brands), or some alternative in between (such as Sony Walkman and Sony PlayStation), today's business environment seems to call for the more cohesive, consolidated approach.

The current business conditions that make a master brand strategy more attractive today are best understood in the context of the benefits that such a strategy delivers:

Efficient impact. Promoting a single brand with a single campaign naturally makes for a more efficient marketing spend, but in today's fragmented media landscape, the advantage is even more pronounced. Despite the lower levels of reach that broadcast media outlets deliver today, as well as the proliferating niche social media channels, an advertiser can still maximize the exposure it generates in a single media channel by spreading it across multiple brands and products.

Customer retention. With a master brand strategy, a company is able to build longer-lasting customer relationships. By developing customer bonds with the overarching brand, companies can offset the natural customer attrition that brands and products experience when their appeal is based on a discrete period of time, like a certain life stage. Instead of customers abandoning the brand altogether when they "graduate" out of a product, they are more likely to shift to another offering in the master brand portfolio. This is particularly important as new brands these days tend to be more targeted to narrow market niches with more limited appeal — e.g., instead of a single low-calorie option, Coke now offers Diet Coke (aimed at women), Coke Zero (aimed at men), and Coke Life (made with sugar and stevia, it's aimed at consumers interested in natural products).

Increased flexibility. Because many companies are operating with lower margins today than in the past, they need increased flexibility to better manage costs and inventory. Emphasizing its master brand gives a company flexibility in brand portfolio management and in advertising and promotion. When costs, demand, or other factors change the strategic importance of the products and brands in its portfolio, a company can delete, modify, or combine them with less risk of confusing customers or losing market salience. It can also more easily and quickly prioritize and de-prioritize different products and brands in advertising and promotional efforts to respond to competitive moves and market changes.

Brand equity. Companies continue to look to new products and brands to produce growth, but the continued decline in consumer trust in brands means new brands must clear an increasingly high hurdle. When new brands are able to draw upon a master brand's existing equity, they have a greater likelihood of success than those that start from scratch. By conveying credibility, quality perceptions, and sometimes simply familiarity, master brands make the introduction of new sub-brands easier and usually more successful.

Competitive strength. Between new media channels, new financing options, and consumers' changing tastes, it is more feasible now than ever for start-ups and small businesses to build attractive brands and launch competitive challenges to more established players. But their effectiveness can be dampened when an existing market leader has pooled its resources and leverages the combined power of all of its brands. A master brand strategy creates strength in numbers and establishes a competitive moat of sorts around the smaller brands in the corporate portfolio.

Stakeholder appeal. Stakeholders such as investors, suppliers, distributors, and even communities are growing in their influence over companies' practices as well as their outcomes. These groups tend to form relationships and derive value from master corporate brands vs. individual product brands, so a master brand strategy can facilitate stronger stakeholder engagement and appeal. For example, companies' efforts to make a positive impact on their communities through corporate social responsibility are usually undertaken at the master brand level. Also, promoting the master brand gives retailers additional incentive to carry a manufacturers' full portfolio of brands.

Of course, a master brand strategy continues to carry risks and present limitations. Linking multiple brands together so closely means they are not shielded from problems that fell a single brand like an ingredient recall or a disgruntled customer. Given companies' diminishing control over the messages and stories that get shared, often widely, during crises, the shared risk of a master brand strategy has only increased.

Moreover, a master brand strategy doesn't prioritize customer segmentation and targeting, which have become critical to many marketing strategies. With the more universal message and broad outreach that characterizes master brand efforts, companies aren't able to reach out to discrete customer groups and develop as personal of connections with customers.

Every corporation should weigh the pros and cons of all brand portfolio strategy options and align them with the corporate strategy. Given how the advantages gained by a master brand strategy are amplified in the business challenges and opportunities they face today, though, it's likely more companies will jump on the master brand bandwagon.