Editorial

Brand governance: The New Agenda in brand management

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It is now almost a cliché to say that for many organisations, especially those in mature industries, brands are their most valuable assets, whether at the corporate or product level. Awareness of the value of brands has grown in recent decades, particularly throughout the 1980s mergers and acquisitions frenzy, which prompted some consumer goods companies to become alert to the equity held in their brands and begin valuing them on balance sheets, a trend that has been adopted more widely, accounting conventions permitting. As is often pointed out, a strong brand creates superior value and competitive advantage that is sustainable and, if well managed and nurtured, can be a long-term source of future value. Although other key resources may have finite lives – material assets and research and development will be amortised, key people may leave and proprietary technologies become commodities – a successful brand is a long-term strategic asset.

Of course, none of this is new. Although some sectors such as public and non-profit may still be moving up the learning curve, others, particularly the fast-moving consumer goods industry, have long been conscious of the importance of brands as key assets and the criticality to corporate well-being attached to managing them successfully. As a result, there is now a considerable body of practitioner expertise and academic theory that can be brought to bear in creating, building and valuing brand equity. However, what *is* new is a growing realisation that this equity held in brands, which forms an ever-increasing proportion of many companies' balance sheets, stock market worth and is a prime source of tomorrow's cashflow, increasingly needs to be safeguarded and secured against risk.

This special issue of the *Journal of Brand Management* on Brand Governance is therefore timely. But why has awareness of the whole issue of Brand Governance grown in recent years? We suggest that there are six major, overarching reasons that present growing challenges and threats to brand equity for the future:

1. *More uncertain and fiercely competitive industry environments:* It is no secret that, over the past few decades, many industries have been characterised by overcapacity, dramatically rising market uncertainty and hyper-competition, a trend that continues. This is largely as a result of factors such as globalisation and new technologies that have lowered barriers to entry, as well as the ongoing deregulation and privatisation of some sectors such as airlines and telecommunications, which may have once enjoyed a degree of protection. In the last 30 years, for example, the global airline industry has generally shown such low or negative profitability that, in many other businesses, would be considered unsustainable.[1] Some major

legacy operators have failed, others have formed alliances, partnerships or merged in one way or another. As the status of their brands decline, firms in various industries have found out the hard way that, as Peter Drucker[2] once famously put it, their prime purpose has now become 'to create a customer' as many of the consumers they could depend on in less-competitive times have been tempted elsewhere. In considering how they can compete in fiercely competitive and turbulent markets, some have begun to look to their brands as key to developing relationships with customers; as a result, there has been growing industry and academic attention paid to the quality of customer brand experience as a source of value.

2. *Ever more empowered consumers:* At the same time, consumers are becoming increasingly intolerant of any gap between what a brand promises and the experience it delivers when they actually encounter and engage with it. New distribution and communications channels, particularly the Internet, have given buyers, influencers and other stakeholders more information and choice of products and brand experiences than ever before. Consumers are also generally better informed, educated, sceptical, more self-directed and increasingly seeking value in the form of self-realisation from the brands that they feel are right for them. One threat to brand equity is that they are also generally less loyal; if dissatisfied with a brand experience, they can often switch and go elsewhere easily and at little or no cost – and there is much evidence to show that they do. These 'postmodern' consumers of the experiential, digital, price-transparent economy are difficult to reach, let alone engage with, and capturing long-term value from them is getting harder. Unless brands consistently deliver what they promise, they will find these consumers' loyalty harder to achieve.
3. *Line and brand extension proliferation:* In a simpler age, a brand often represented a single product line in a single category. Today, a proliferation of line and brand extensions as firms exploit their brand assets means that many brands now act as an umbrella for an ever growing number of extensions and variants, often in several different and possibly unrelated areas. Sixty or 70 or so years ago, in the United Kingdom, Unilever's Persil was a white washing powder offered in a few different sized cardboard box packs and sold primarily in small corner shops: now, the brand is applied across several scores of home cleaning products in a large number of different categories, all bound by its proposition of 'cleaning and caring'. Coordinating and delivering consistent promised quality of brand experience across so many brand variants is clearly increasingly difficult to manage – even more so for service-based products that are more subject to variability.
4. *A growing number of distribution and communication touchpoints:* Not only is the experience a brand promises being attached to a wider variety of product lines and categories, but it is also being offered through an ever-widening and more intricate network of distribution and communication channels, especially with the advent of digital media. Consumers expect consistency of brand experience at every touchpoint throughout their journey from first brand awareness, through trial and to repeat purchase. Again, in this rapidly developing context, coherent brand experience is becoming harder to deliver.
5. *Increased use of strategic partnerships in delivering brands to consumers:* Another factor contributing to the growing difficulty of managing delivery of promised

experience is the increasing use by brand owners of various forms of strategic partnerships such as subcontracting, licensing, franchising or joint ownership in all the stages of creating and delivering the experience to final consumers – in manufacturing, service delivery, distribution and marketing communications. These arrangements bring the major dangers of complexity, lack of control and conflict inherent in all joint ventures to the brand delivery process, thus posing another risk to equity.

6. *The risks of using social media:* Brand marketers have sought to exploit the opportunities offered by the growth of social media. But, although they can spread the good news about a brand like never before, the reverse is also true; social media have also amplified the perils to brand equity of experience delivery failure. Bad news can now spread like wildfire and severely damage a brand's reputation and equity more widely and rapidly than ever. Brand managers also increasingly risk ceding control and even a degree of possession of the brand to consumers and other interested stakeholders, promoting recent debate about where and with whom ownership of the brand actually lies.

If brand equity is a prime source of a firm's value, then these issues are the concern of senior managers as well as brand marketers as they lie at the heart of an organisation's capability to create and sustain long-term value. However, although brand equity is increasingly being seen as critical to an organisation's future value creation capability, at the same time, it is becoming more fragile. The risks to brand equity of being damaged or dissipated are rising as the potential hazards inherent in managing brands and brand experience multiply. All this has prompted the attention now being paid to the role of Brand Governance.

The papers submitted for this Special Issue reflect the growing interest in this important area by both practitioners and scholars alike, and those selected for publication here offer a variety of fascinating and relevant perspectives on this new strategic imperative in brand management.

REFERENCES

(1) CAA. (2006) *Ownership and Control Liberalisation*. London, UK: Civil Aviation Authority.

(2) Drucker, P. (2007) *The Essential Drucker*. Oxford, UK: Butterworth Heinemann, p. 16.

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