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THE GROWING IRRELEVANCE OF BRAND MANAGERS

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The practice of brand management started when Harvard-trained Neil McElroy of Procter and Gamble (P&G) wrote a memo to his boss, stressing how difficult it was to sell the Camay brand amid stiff competition from other products, including those from the company. In that 1931 memo, McElroy explained the duties and responsibilities of "brand men" in successfully selling a product.

Brand managers thereafter found their relevance in the complicated process of marketing, and "Brand Man" McElroy eventually became president of P&G. McElroy was also known to have served as Secretary of Defense to US President Dwight Eisenhower.

Brand management became a category of its own so that brands will be treated as if they are separate businesses. The brand manager is accountable for anything related to the brand: differentiating it from competitors, creating marketing plans and coordinating with other departments.

It became a training ground for future general managers. Not long after, new graduates vied for a spot to be in the brand department of prestigious companies.

But that was close to nine decades ago, when manufacturers had the bargaining power over their trade customers. The power balance eventually shifted when retail stores started expanding and gaining access to bigger business data.

The industry profit pool (the total profit earned at all points of the value chain of an industry) shifted in favor of key retail chains, as they earned a significant part, if not majority, of the industry's margins. In contrast, the percentage of each manufacturer's sales vis-a-vis retailers' purchase steadily went down. If brand loyalty was weak, key retail chains simply bought from a large set of competing brands or even from substitutes.

Brand loyalty was imperative, but key retailers shifted their focus to establishing store loyalty. They started hiring experienced consumer brand marketers to help them with their marketing plan, as they competed with other stores. Meanwhile, manufacturers participated in their year-round promotional activities as a gesture of good will. But as they supported many retail activities, store switching very likely happened.

There were only a few manufacturers progressive enough to push for category growth — an output of market-driving strategy focusing on more new users from underserved or untapped markets.

Around two or three decades ago, key retail chains also started to renegotiate payment terms for some categories. Cash payment took seven days or more. Some deliberately delayed payment to least important suppliers.

As these retail chains tried to exploit discounts offered to

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them, helpless manufacturers even had to resort to rewarding inventory loading.

While motivations and behaviors of consumers were studied deeply by brand managers, a strong collaboration with R&D became necessary to create relevant products. A new challenge came when key retailers started demanding better margins for lower priced new products. Retailers believed this was a win-win proposition for manufacturers, saying this would cannibalize margins from existing competing brands once consumers switch their buying preference. They even requested for exclusive promotions, thus, account-specific sales promotions were implemented.

Manufacturers complied, as their goal was to become preferred suppliers. Working this out became part of the sales department's scope of work. By this time, sales transitioned and became "customer development".

And as customers became more sophisticated, a distinction emerged between users and shoppers. New corporate positions were created, focusing more on points-of-sale and interpreting the brand strategy at the "First Moment of Truth" (FMOT). The birth of trade marketing managers, category managers, shopper marketing managers followed—all of whom report to the sales/customer development department, and not to the marketing department.

More future general managers will likely come from the ranks of customer development

In the beginning, only the "place" in the 4Ps of marketing (the three others are: price, product and promotion) was not controlled by brand managers. Today, aside from "place" and the newly added marketing positions reporting to customer development, most promotional campaigns are already controlled by sales (but with the exemption of national campaigns).

Even pricing requires the nod of sales, as the needs of shoppers and channels have to be taken into consideration.

Left behind for brand managers were product, marketing communications and insighting. While these seemed a lot of work, their responsibilities and powers were actually cut in half. They do not even have a relationship with CEOs of key trade partners, when in fact, that is the most essential factor in making or breaking a brand in the era of category killers.

Relationship and good will

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became indispensable, alliances and partnerships the norm, and the end goal was to become preferred supplier. It is becoming increasingly likely that more and more future general managers will come from the ranks of customer development.

Some companies have even separated brand roles into two, adding innovation managers to look into the broader, strategic brand issues, further removing the original role of the brand manager. Since product, place, and price are often unchanged, many brand managers are no more than "promotions managers".

Nowadays, companies are more wary of hiring fresh graduates as brand managers, knowing that without ample field experience in the marketplace, the new brand manager may resort to baseless opinions and assumptions. They might perform brand works focused on persuading superiors rather than their consumers, for example, changing a brand's identity prematurely, solely because revolutionizing the status quo leads to a quicker promotion.

To solve the dilemma of lack-of-sales experience, the more progressive manufacturers are assigning fresh graduates to sales for six months, sending them to distributors for booking operations and allowing them to observe other channels. A more thorough training allots a longer period of time in sales, cycling through different areas like trade marketing, shopper insighting, category management and online marketing. These experiences will pave the way for brand managers who are well-rounded, seasoned, less tactical-oriented and who will be strategic contributors to businesses. —CONTRIBUTED INQ

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