

# Efficient brand management in family-owned confectionery companies

Ralph Ohnemus, CEO of K&A BrandResearch, explains what role brand management should play in family businesses in the future and how marketing can be used efficiently to be effective in the market.

The right answer to the challenge of family businesses is actually simple: the brands' best practices apply to family businesses as well as to large, widely held companies. Both have the same customers with the same life experiences. People do not process messages from family businesses any differently than messages from non-family-owned companies. If you look more closely, you would have to 2 one would have to say that the marketing laws are written primarily by family businesses. In Germany, 90 percent of all companies belong to this type. This is similar in Switzerland and only slightly less in Austria. In Germany, there are even more than 200 companies with a turnover of more than 1 billion euros. A special feature at present is the context of inflation and the threat of recession. It makes a lot of sense to remember the best rules for good marketing.

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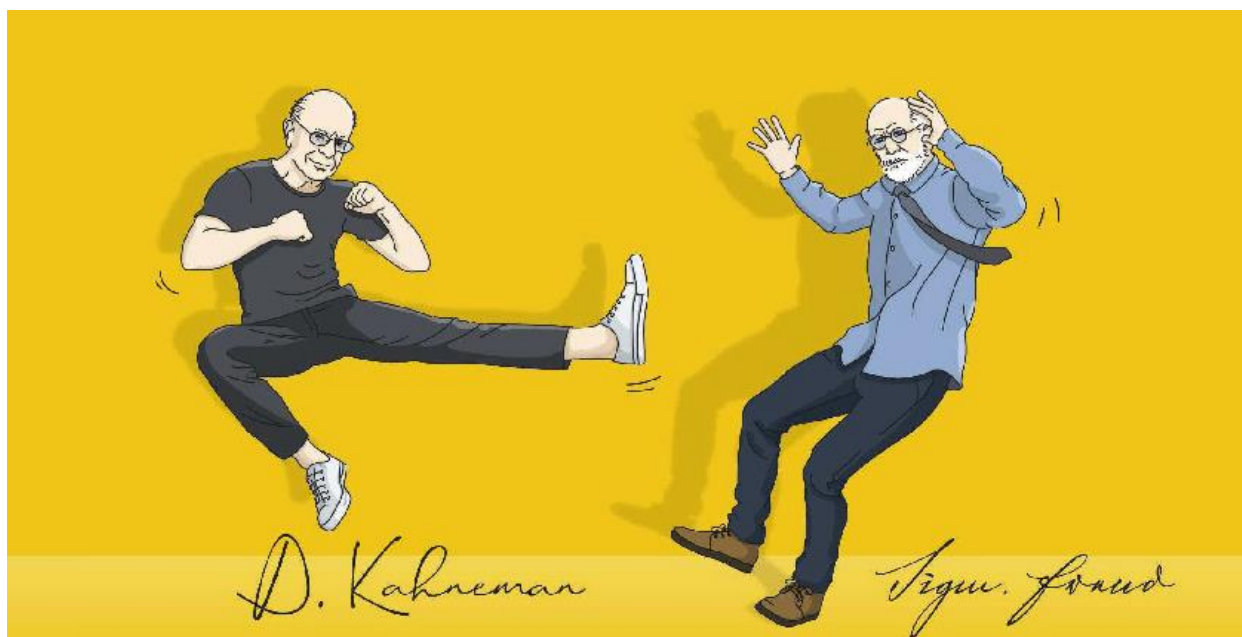
need an unbiased view before you just follow your gut feeling. Well-designed online surveys don't cost the earth. If need be, self-conducted surveys of potential or existing buyers will have to suffice. For example, at an event or consumer fair. Or observe the target group ethnographically, at the POS or during use - where it is ethically possible.

**2. Kahneman beats Freud.** You can really do without trying to understand your target group 'depth'-psychologically. Human behaviour is primarily based on experience and the context, i.e. the exact situation of the planned product use. Attitudes and "inner conflicts", on the other hand, hardly play a role. This is the current state of behavioural science. Depth' psychology hardly plays a role in science any more. You will be most helped if you have a precise understanding of the quasi-automatically decisive system 1 of your target group.

The best way to do this is through observation or small simulations. Pure questioning, on the other hand, is very unreliable, because people rarely know the real reasons for their behaviour, but they invent plausible and socially unobjectionable justifications in a flash - without malicious intent. Healthier sweets are praised, with protein, less sugar, less fat, vegan. But when self-pampering lights up at the POS, indulgence maximisation is consistently indulged in.



Take the direct route:  
With small budgets,  
strategy is above all  
what you DON'T do.



In 2002, Daniel Kahneman became the first psychologist to receive the Nobel Prize in Economics. His "Prospect Theory", an alternative to traditional theory, incorporates behaviour that can be observed in people in the flesh. Instead of exploring attitudes and "inner conflicts" in depth psychology, the focus is on experience and the exact situation in which people make their decisions. His work has inspired a new generation inspired by researchers in economics and finance. (Graphic: K&A BrandResearch)

**3. Use existing market data to estimate market segments.** Then decide who your target group should be and try to understand this target group even better (see points 1, 2). Such estimates are usually enough to determine which market should be targeted.

**4. Consider creating a sub-category instead of working the big overall market.** You have no chance against the market leaders in their market. This explains the empirical law of double disadvantage: Big brands have many more buyers than the small brands. Logic. Only the buyers of the small brand judge it (somewhat) worse than the big brand is judged by its buyers. This seems unfair, but it doesn't help. If you open up a new sub-category, you get a new playing field and can grow quickly. Probiotic drinking yoghurt instead of cup yoghurt is already considered a classic. mymüsli, the individual muesli by mail order, instead of the next muesli in the supermarket. In contrast, the attempt to get a Choco Peanut Muesli into the overloaded market with Treets is likely to fail. There are enough mueslis with chocolate. Treets rather robs the muesli of its last grounding in just barely

'healthy' and delicious muesli. Have you already said everything there is to say about gingerbread? How about crunch? Or cream? Or fruit? Or summer?

**5. Consider attacking the market leader directly.** No kidding. A counter-position to something familiar is particularly easy for people to understand. The brain copes better with this than with having to understand and appreciate small differences from the standard. Fisherman's Friend had directly attacked the market leader tic tac with its mild freshness. "If they are too strong, you are too weak". Clever small brands do not appear as bullies, but play the perky David against the seemingly "arrogant" Goliath. This creates attention and sympathy.

**6. Work with adequate prices, value beats quantity.** The big players have the tools to find the right price in the environment. Too many smaller SMEs are oriented towards their variable costs and do not understand that low-cost but low-margin companies would have to sell twice the quantity at a discount of just 10 per cent. Realise that every percent more margin has more impact on the result than selling more or saving costs. Should

If you are wrong, you can still lower it. If you go in too low, you won't get the business afloat. Because the price is a powerful signal of quality. None Discount prices for no one.

**7. One brand, one brand, one brand.** You should not pursue a multi-brand strategy with a small budget. fritz-kola started with a counter-position (lots and lots of caffeine) and, as it became more and more successful, it also added non-kolas to its brand. In confectionery, I already see multi-brand strategies among small suppliers. This makes it take longer,



Ralph Ohnemus has been a board member and major shareholder of K&A BrandResearch since 2001. (Photos: K&A BrandResearch)

until a minimum level of awareness is reached. In my opinion, Hitschies, for example, do this well by offering everything under one roof. When you see all the successful line extensions of well-known brands, you realise how important it is to create a strong sender first. Think of Mars, Bounty, M&M's: cookies, ice cream, etc. Mövenpick recently successfully launched a quark snack under its brand from the Berlin start-up Quarkwerk.

**8. Media strategy - more channels work better.**

Stay self-similar with a few stand-alone brand signals and thus use many channels as you can afford. With smaller budgets, these are probably more digital channels to begin with. Studies show that this enables more overall reach than concentrating all your money on one core medium. The expansion of reach is more effective in terms of sales than more contacts with a few.

**9. Advertise in the recession.** If you cut your communication budget in a recession, you may save money, but you can also bury your hopes for a better future for your brand. Good studies show: If you don't communicate during the downturn, you won't be taken along by the upswing. Save money on everything, for example on the production of new advertisements, but don't put it into practice.

Make sure they are in touch with the target group stay in regular contact. Since many save, it is even easier to increase your share of voice.

**Let your target group be amazed.** Create a truly unique look. Line extensions can also cause amazement, like Toffifee White. Or if you're ever in England, try Cadbury Dairy Milk Marvellous Creations. Jelly Popping Candy Beanies, delicious chocolate bars with a mouthfeel that leaves you amazed. Vegan or protein, on the other hand, leave you less and less amazed. Getting taste disadvantages in exchange for health contradicts the sought-after enjoyment, the

1. Sprechen Sie mit der Zielgruppe
2. Kahneman schlägt Freud. Kontext schlägt Inneres Kind
3. Nutzen Sie vorhandene Marktdaten
4. Neue Subkategorie statt Gesamtmarkt
5. Positionierung gegen den Marktführer
6. Arbeiten Sie mit hohen Preisen
7. Eine Marke, eine Marke, eine Marke
8. Mediastrategie – mehr Kanäle arbeiten besser
9. Werben Sie auch in der Rezession
10. Lassen Sie die Zielgruppe staunen
11. Purpose und Nachhaltigkeit sind kein Erfolgsturbo
12. Denken Sie mehr in Kontexten

The twelve rules at a glance. (Graphic: K&A BrandResearch)

seemingly unreasonable actions are really rewarded. Package your message in surprising communication. Advertising with a wow effect is much better remembered. This way you can at least partially compensate for budget disadvantages.

**11. Purpose and sustainability come without a guarantee of success.** Family businesses in particular are often advised that they can only position themselves successfully with sustainability. But for the individual, self-interest almost always outweighs the social benefit in the purchase situation. Especially when inflation puts a strain on the budget. Therefore, the cheap animal welfare grades are bought instead of the more expensive products with better animal husbandry.

It is best to test a sustainable concept via good purchase simulations, not via pure surveys

More normal vegetables again instead of organic, more private label. You won't get anywhere here with zeitgeist logic. The best way to test a sustainable concept is through good purchase simulations, not through pure surveys. People know what is socially desirable and will respond accordingly - but very probably not act that way.

**12. Think more in context.** Even when buying sweets, people don't usually look first for the

brands, but first think about the situation in which they will be used, or more precisely, the specific context in which they will be used. If you want to buy sweets for a girls' night out, for a visit from friends, for a round of gambling, for your colleagues or for a quick snack, you will always think of other products as suitable.

If your brand is not automatically remembered as a good solution in any of these contexts, it cannot be bought. When launching a new product, we advise you to design the concept in such a way that potential buyers can intuitively decode for which occasion the offer is intended. If Katjes actually gives us something to remember with the new Ahoj- Brause Waffles

astonishment, then I am missing an occasion for use. When does an effervescent wafer go particularly well? When do I need creamy-sweet & sparkling-sour? If you don't know, you don't buy. Even if the product is great. It's much easier mentally to reach for the Nutella Biscuit bag or Haribo Hey Kakao! when you're in the mood for a delicious boost of chocolate satisfaction.

**Conclusion: Less is more - especially with small budgets.** Effective marketing is possible with the right shortcuts. And once again the motto, because it sums it all up well: Focus, focus, focus.