# MGMT 435 Should you launch a fighter brand

* Fighter brand
  + Designed to combat
  + Ideally eliminate, low-price competitors while protecting an organization’s premium-price offerings.
* Five major hazard for the success of fighter brands

## Hazard 1: Cannibalization

* Most fighter brands are created explicitly to win back customers that have switched to a low-price rival
  + Many annoying tendency to also acquire customers from a company’s own premium offering
* Dual Challenge when positioning a fighter brand
  + You must ensure that it appeals to price-conscious segment you want to attract while guaranteeing that it falls short for current consumers of your premium brand
    - You must match your fighter brand’s low price with equally low perceived quality
* It is crucial to have a keen grasp of customer’s coordinates of value
  + But with fighter brand, you must use those coordinates to deliberately miss one target segment while hitting the other
* To avoid cannibalization, a company must deliberately these three of its fighter brand to its premium brand’s target segments
  + Value
  + Appeal
  + Accessibility
* It may need to actively disable existing product features and withhold standard marketing support from the fighter brand
* Managers need to weigh the effects of cannibalization before rolling out fighter brands
  + Because these brands are explicitly oriented toward the rivals that have stolen share from a company, the initial break-even calculations use to justify their launch often are over simplistically derived from an estimate of lost sales that can be recouped
  + An accurate break-even analysis must account for cannibalization as well
* Test marketing is the best way to ensure that a fighter brand can compete with low-price offerings without robbing significant sales from its high-price, more profitable sister brand

## Hazard 2: Failure to Burry the competition

* Many organization’s overprotect their premium brands from cannibalization at the expense of the combative potential of their fighter brand

## Hazard 3: Financial Losses

* Fighter brand success depends on more than initially matching the price and value of your intended enemy
  + You must also achieve those goals while attaining a sustainable level of profits
  + Unfortunately, such profits can prove elusive for organizations accustomed to higher price points and more generous operating models
  + Suddenly, they find themselves competing in the low-price sector against brands that probably originated there and that have evolved an operating model well suited to it
    - To meet that challenge a premium organization may had to strip back a fighter brand’s cost structure and alter its traditional definition of what constitutes strategic success

## Hazard 4: missing the mark with customers

* Fighter brand originates with a competitor and the strategic success it has achieved, or threatens to achieve, against your organization
  + The DNA of a fighter brand is potentially flawed from the very outset because it derived from company deficiencies and competitor strengths, not a focus on customers
* Though a fighter brand inevitably originates from the recognition of a competitor and the limitations of an organization’s existing premium brand, management’s focus should immediately switch to the consumer segments that the new brand is targeting

## Hazard 5: Management Distraction

* An organization must divide its resources at the very time when it should perhaps concentrate its efforts on the business at hand
* The opportunity costs of launching, managing, and then withdrawing an unsuccessful fighter brand can be even bigger than the financial impact
* Employees are often quick to recognize the detrimental impact that a fighter brand can have on their organization
* The greatest cost of a fighter brand may be its propensity to casue mangers to delay essential strategic decision on their existing portfolio of brands

## How Qyantas launched the perfect fighter brand

* Determine whether another brand is true necessary
* Run the numbers
* Listen to customers, early and often
* Move fast
* Control for cannibalization
* Reinvest in your premium offering and calibrate between the two brands