CHAPTER 11
DESIGNING AND IMPLEMENTING BRAND ARCHITECTURE STRATEGIES
Learning Objectives

- Define the key components of brand architecture
- Outline the guidelines for developing a good brand portfolio
- Assemble a basic brand hierarchy for a brand
- Describe how a corporate brand is different from a product brand
- Explain the rationale behind cause marketing and green marketing
Developing a Brand Architecture Strategy

- To clarify brand awareness
- To improve brand image

Step 1: Defining Brand Potential
Step 2: Identifying Brand Extension Opportunities
Step 3: Branding New Products and Services

To clarify brand awareness
To improve brand image
Step 1: Defining Brand Potential

- Three important characteristics:
  - The brand vision
    - Brand vision needs to be aspirational, so the brand can improve in the future, yet it cannot be unobtainable.
    - It transcends the brand’s physical product category descriptions and boundaries.
  - The brand boundaries
    - To improve market coverage, companies target different segments with multiple brands in a portfolio (e.g. Google).
    - Top marketing companies in recent years has been to focus on fewer, stronger brands (Nissan x Infiniti – Toyota x Lexus.
  - The brand positioning
    - Competitive frame of reference; Points-of-difference; Points-of-parity; Brand mantra
Step 2: Identifying Brand Extension Opportunities

- Brand extension is a new product introduced under an existing brand name
  - **Line extensions**: New product introductions within existing categories
  - **Category extensions**: New product introductions outside existing categories
- Equity implications of each extension needs to be understood in terms of:
  - Points-of-parity
  - Points-of-difference
Step 3: Branding New Products and Services

- New products and services must be branded in a way to maximize the brand’s overall clarity
  - Branded house (“umbrella”) → **Siemens** and house of brands strategy → **P&G** and **Unilever**

- **Sub-brands**: Brand extension in which the new product carries both the parent brand name and a new name (Hershey’s Kisses, Apple iPhone, Honda Civic)
To Sum Up…

Marketers should use brand portfolio analysis for Step 1, and brand hierarchy analysis for Steps 2 and 3
Brand Portfolios

1. To attract a particular market segment not currently being covered by other brands of the firm
2. To serve as a flanker and protect flagship brands
3. To serve as a cash cow and be milked for profits
4. To serve as a low-end entry-level product to attract new customers to the brand franchise
5. To serve as a high-end prestige product to add prestige and credibility to the entire brand portfolio
6. To increase shelf presence and retailer dependence in the store
7. To attract consumers seeking variety who may otherwise have switched to another brand
8. To increase internal competition within the firm
9. To yield economies of scale in advertising, sales, merchandising, and physical distribution
Flankers

- Protective or fighter brands
  - To create stronger points-of-parity with competitors’ brands

- Fighter brands must not be so attractive that they take sales away from their higher-priced comparison brands
  - If they are connected to other brands in the portfolio, they must not be designed so cheaply that they reflect poorly on other brands
Cash Cows

- Despite dwindling sales, some brands are retained
  - Due to their sustainability without any kind of marketing
- Milked by capitalizing on their reservoir of existing brand equity (Gillette → Fusion versus Trac II, Sensor and Mach3)
Low-End, Entry-Level or High-End, Prestige Brands

- Sub-brands leverage associations from other brands while distinguishing themselves on price and quality
- Role of a relatively low-priced brand - To attract customers to the brand franchise
- Role of a relatively high-priced brand - To add prestige and credibility to the entire portfolio
Low-End, Entry-Level or High-End, Prestige Brands
To Sum Up...

- To minimize overlap and get the most from the portfolio, each brand-name product must have:
  - Well-defined roles to fulfill for the firm
  - Well-defined positioning, indicating the benefits it offers to consumers
Brand Hierarchies

Graphically portraying a firm’s branding strategy by displaying the number and nature of common and distinctive brand elements across the firm’s products, revealing their explicit ordering.
Levels of a Brand Hierarchy

- Company Brand Level
- Family Brand Level
- Individual Brand Level
- Modifier Level
- Product Descriptor
Corporate or Company Brand Level

- Highest level of hierarchy
- **Corporate image**: The consumer associations to the company or corporation making the product or providing the service
  - Relevant when the corporate or company brand plays a prominent role in the branding strategy
Corporate or Company Brand Level
Family Brand Level

- Used in more than one product category but is not necessarily the name of the company or corporation
  - Also called a range brand or umbrella brand
- If the corporate brand is applied to a range of products, then it functions as a family brand too
- If the products linked to the family brand are not carefully considered, the associations to the family brand may become weaker
Family Brand Level
Individual Brand Level

- Restricted to essentially one product category, although multiple product types may differ.
- Customization of the brand and all its supporting marketing activity.
- If the brand runs into difficulty or fails, the risk to other brands and the company itself is minimal.
- Disadvantages of difficulty, complexity, and expense of developing separate marketing programs.
  - Unilever, P&G and Frito-Lay → Doritos, Lays and Ruffles.
Individual Brand Level
Modifier Level

- Brands should distinguish according to the different types of items or models
  - **Modifier**: Designate a specific item or model type or a particular version or configuration of the product
    - Function of modifiers is to show how one brand variation relates to others in the same brand family
    - Help make products more understandable and relevant to consumers
      - Valio Milk (regular, light, lactose free etc.)
      - Johnny Walker Red Label, Black Label, Gold Label, Green, Blue Label Label etc.
Product Descriptor

- Helps consumers understand what the product is and does
  - Helps define the relevant competition in consumers’ minds
- In the case of a truly new product, introducing it with a familiar product name may facilitate basic familiarity and comprehension.
  - Software: Quicken.
Designing a Brand Hierarchy

Specific Products to Introduce

Number of Levels of the Brand Hierarchy
Specific products to introduce

- **Principle of growth**: Firms must make cost-benefit calculations for investing resources in selling more of a brand’s existing products to new customers versus launching new products for the brand.

- **Principle of survival**: Brand extensions must achieve brand equity in their categories.

- **Principle of synergy**: Brand extensions should also enhance the equity of the parent brand.
Number of levels of brand hierarchy

• Most firms choose to use more than one level.
  • Each successive branding level allows the firm to communicate additional information about its products.
  • Developing brands at higher levels is an economical means of communicating common information.

• Developing sub-brands also allows for the creation of brand-specific beliefs.
  • Sub-brands help organize selling efforts.

• **Principle of simplicity**: Need to provide the right amount of branding information to consumers.
  • Low-involvement products require fewer levels of hierarchy and complex products require more levels of hierarchy.
Designing a Brand Hierarchy

- Desired Awareness and Image at Each Hierarchy Level
- Combining Brand Elements from Different Levels
- Linking Brand Elements to Multiple Products
Desired awareness and image at each hierarchy level

- Principle of relevance: Based on the advantages of efficiency and economy.
  - The more abstract the association, the more likely it is to be relevant in different product settings.
  - Nike: Just Do It!

- Principle of differentiation: Based on the disadvantages of redundancy.

- Flagship product: Embodies the brand to consumers.
  - Important in brand portfolio in that marketing.
Combining brand elements from different levels

- Principle of prominence
  - It is its relative visibility compared with other brand elements (e.g. PepsiCo \(\rightarrow\) VitaCola).

- Branding strategy screen
  - To “dial up” or “dial down” different brand elements.
Linking brand elements to multiple products

• How to link any one brand element to multiple products — the horizontal aspects.

• **Principle of commonality:** States that the more common brand elements products share, the stronger the linkages between them.

  • Examples: McDonald’s → Chicken McNuggets and Calvin Klein → CKOne, CKBe or CKFree
Corporate Branding

- Corporate Image Dimensions
- Managing the Corporate Brand
Corporate Image Dimensions

- Common Product Attributes, Benefits, or Attitudes
- People and Relationships
- Values and Programs
- Corporate Credibility
Common product attributes, benefits or attitudes

- **High-quality corporate image association**: Creates consumer perceptions that a company makes products of the highest quality.

- **Innovative corporate image association**: Creates consumer perceptions of a company as developing new and unique marketing programs, especially with respect to product introductions or improvements (e.g. Apple and 3M).
People and relationships

- Corporate image associations reflect characteristics of the employees of the company.
- Consumers may themselves form more abstract impressions of a firm’s employees, especially in a services setting.
- **Customer-focused corporate image association:** Creates consumer perceptions of a company as responsive to and caring about its customers (e.g. Stew Leonard’s).
Values and programs

• Corporate image associations may reflect company values and programs that do not always directly relate to the products.

• **Socially responsible corporate image association**: Portrays the company as contributing to community and attempting to improve the welfare of society as a whole.

• **Environmentally concerned corporate image association**: Projects a company whose products protect or improve the environment and make more effective use of scarce natural resources.
Corporate credibility

- Depends on three factors:
  - **Corporate expertise**: the extent to which consumers see the company as able to competently make and sell its products or conduct its services
  - **Corporate trustworthiness**: the extent to which consumers believe the company is motivated to be honest, dependable, and sensitive to consumer needs
  - **Corporate likability**: the extent to which consumers see the company as likable, attractive, prestigious, dynamic, and so forth.
To Sum Up…

- Many intangible brand associations can transcend the physical characteristics of products
  - Provides valuable sources of brand equity and serves as critical points-of-parity or points-of-difference
Corporate social responsibility

• Consumers are increasingly using their perceptions of a firm’s role in society in their purchase decisions.
  • Consumers want to know how a firm treats its employees, shareholders, local neighbors.
• Some firms are putting corporate social responsibility at the very core of their existence.
  • TOMS Shoes – donates shoes for children in developing countries.
Corporate image campaigns

- Designed to create associations to the corporate brand as a whole.
- A strong campaign can provide invaluable marketing and financial benefits by allowing the firm to express itself.

Objectives of a brand campaign:
- Build awareness of the company and the nature of its business.
- Create favorable attitudes and perceptions of company credibility.
- Make a favorable impression on the financial community.
- Motivate present employees and attract better recruits.
- Influence public opinion on issues.
Corporate name changes

- Merger or acquisition is often the impetus to reevaluate naming strategies.
  - Divestitures, leveraged buyouts, or the sale of assets.
  - Correct public misperceptions about the nature of the company’s business.
  - Significant shifts in corporate strategy.
  - Desire to create distance from scandal.
Brand Architecture Guidelines

- Adopt a Strong Customer Focus
- Create Broad, Robust Brand Platforms
- Avoid Overbranding and Having Too Many Brands
- Selectively Employ Sub-Brands
- Selectively Extend Brands