



Aalto University  
School of Business

# Capstone: Products and Brand Management

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# Brand diversification – a case for a house of brands



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19.3.2019

# Brand Architecture



# Branded House



- The firm is the brand
- Strong, easily recognizable and memorable brand
  - Naming with the parent brand's name
  - Tied with visual identity



# House of Brands



- Separate brand entities underneath a corporate brand
- No reference to the parent brand
  - Diverse brand purposes, audiences, visual identities

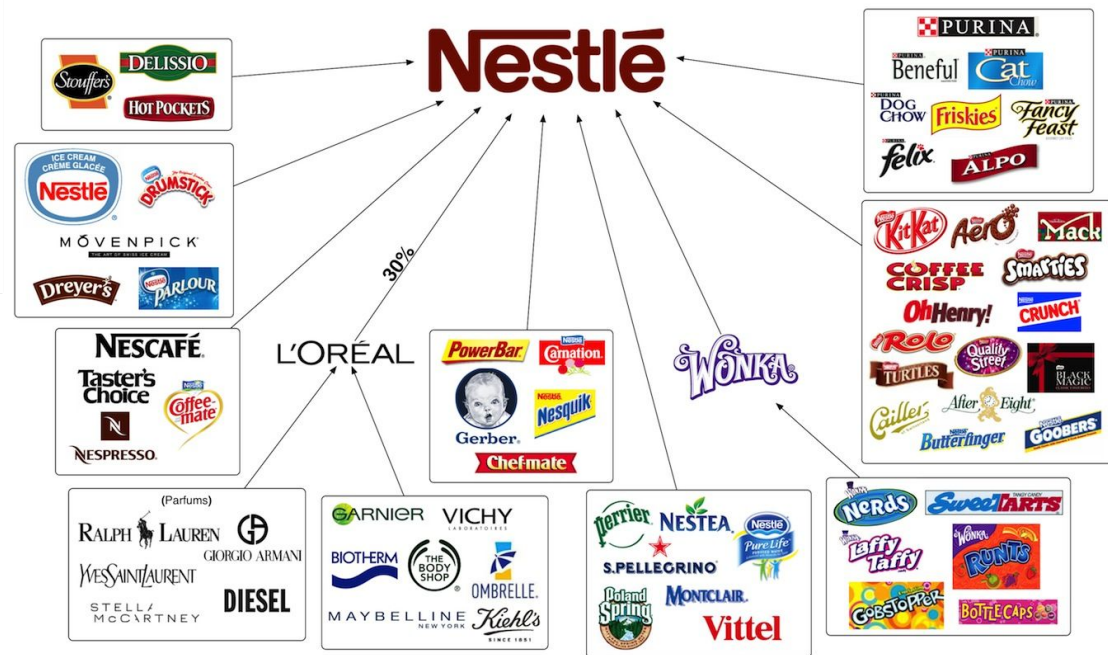




# Hybrid Model



- Both linked and separate brands
- Usually occurs following M&A



# House of Brands – Strengths I/II

- Clear positioning

- Liberty in creating identity

**AXE**

*Dove*  


- Reduction of cross category conflicts

- Different markets, different customers



- M&A flexibility

- New markets without confusing existing customers



**PEPSICO**

soda**stream**<sup>®</sup>

- Protection of corporate image

- Crisis not contagious to other brands

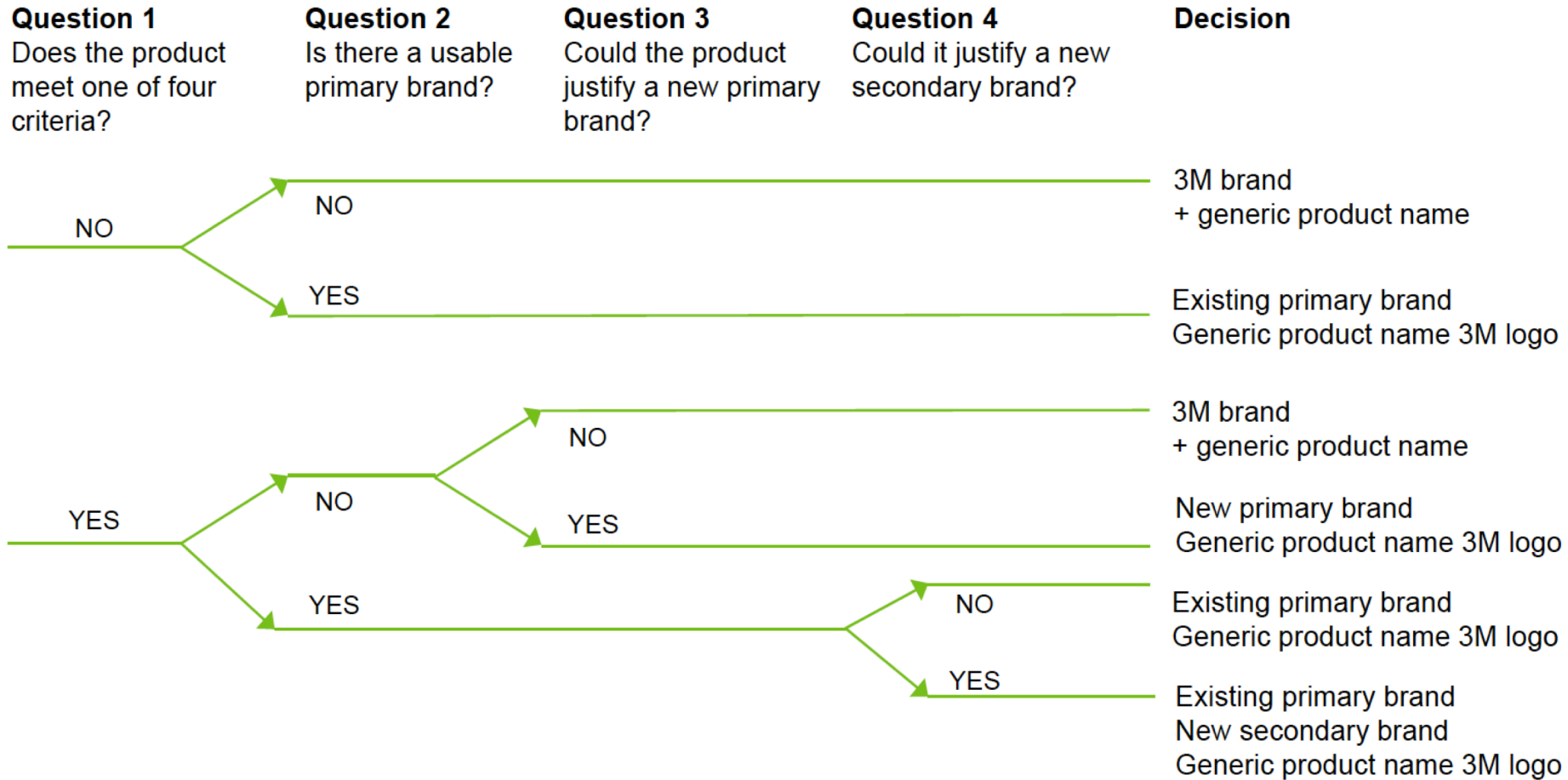


# House of Brands – Strengths II/II

- **Competing brands allowance**
  - Addressing conflicting audiences
- **Fighter brands allowance**
- **Channel conflicts prevention**
- **Introduction of novelties**
  - Lower risks due to the strong parent brand



# 3M branding options review





CLASSIC



LUXURY



LONGER STAYS



PREMIUM



LONGER STAYS



SELECT



DISTINCTIVE

RITZ-CARLTON RESERVE®

THE LUXURY COLLECTION®

BVLGARI HOTELS & RESORTS



EDITION™

LUXURY

L MERIDIEN

WESTIN

AUTOGRAPH COLLECTION® HOTELS



RENAISSANCE® HOTELS

TRIBUTE PORTFOLIO



PREMIUM



LONGER STAYS



SELECT



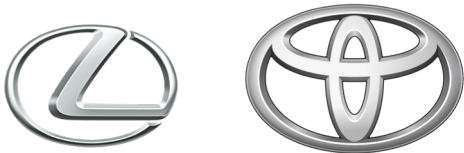
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# Endorsed brands

# Endorsed Brand – Approaches

## Token endorser

- Not connected to the parent brand, but customers still know about the link



## Linked name

- Family of brands linked by a common name



## Strong endorser

- Very visible parent brand name



# Endorsed Brand – Strengths

- **Benefit from the parent's heritage:**
  - **Assurance of quality**
- **Product launch facilitation**
  - **Allows key innovations**
  - **High degree of brand marketing freedom**
- **Protection of parent brand**
  - **Risk management**

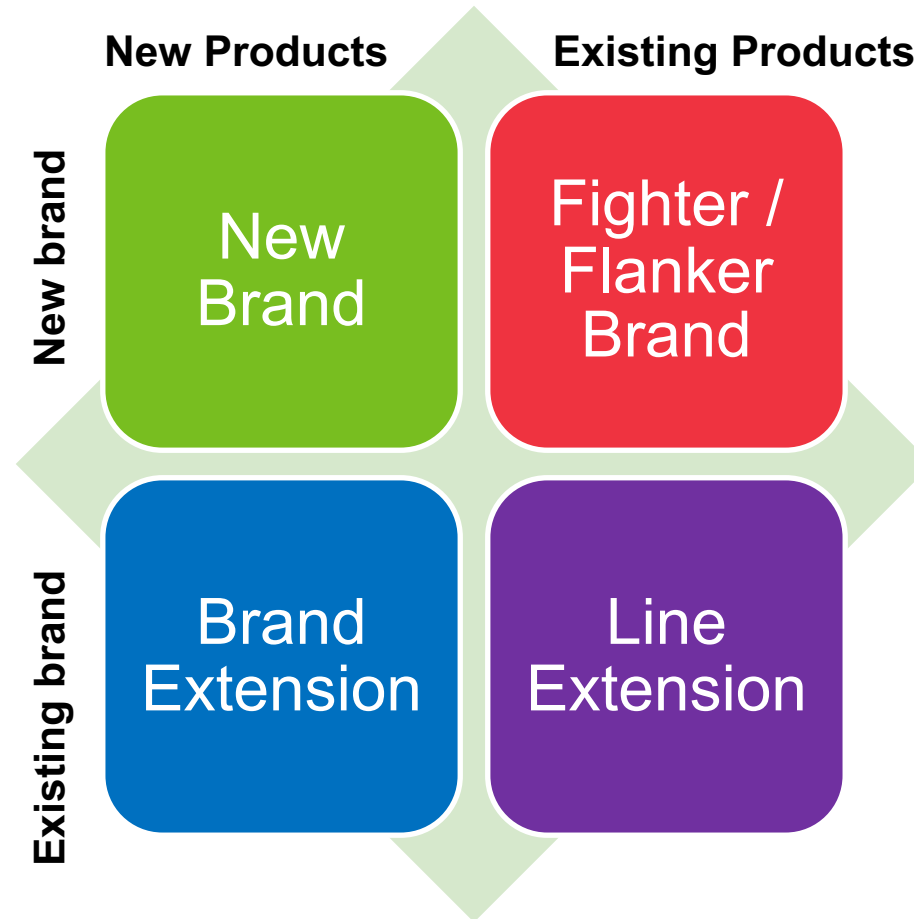
# Sub-brands – Strengths

- Reinforcement of parent brand
  - Image modification
  - New associations
- Market share extensions
  - New segments
  - New customers





# Brands Growth Strategy





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# Fighter and flanker brands

# Fighter and flanker brands

- **Flanker Brand Strategy**

Adding a new high/low-end brand based on the price-quality continuum



- **Fighter Brand Strategy**

Adding a new brand to defend the position of the organization against competition



# Fighter and flanker brands – Strengths

- **Protection of the parent brand**
- **Defense against competition**
- **New customers**
- **New offerings at new prices**

# Should You Launch a Fighter Brand?

(Ritson 2009)

- **Cannibalization**

Acquiring customers from own premium offering?

- **Failure to enter the competition**

Overprotecting own premium brand?

- **Financial losses**

Attaining enough profits?

- **Missing the mark with customers**

Meeting the needs of new audience?

- **Management destruction**

Going off to war or defending the homeland?