

Brand Architecture: A Method to the Madness

GM has 33 brand names. BMW has one. Both are valid brand architectures. Answering the question “What to brand?” is a complex challenge for companies of every size. The key is to create clarity — the trick is to leverage the brand without diluting it.

By Amy Campbell



As companies merge and morph to position themselves and their products for success in the new economy, branding has become more important than ever. The speeds at which markets shift, corporations merge, and new products come to market and subsequently become obsolete are ever increasing. In her book, *Warp-Speed Branding: The Impact of Technology on Marketing*, Agnieszka Winkler argues that many of the rules of branding no longer apply due to the speed and volatility of our high-tech age — that because of new technologies and a new world order, much of what we know about branding has changed.¹

While the dynamics of our high-speed economy are indeed causing corporations and brand managers to rethink who, what, when, where and why they brand, much of the tried-and-true lessons of positioning for *shelf space* still apply to companies positioning in *cyberspace*. Sure, brand awareness can be created faster than ever, but brand loyalty is still a result of careful market analysis and long-term strategic planning.

Traditional Branding Systems

Makers of soaps, soft drinks and automobiles (among others) have pioneered and perfected over many years the systems and strategies for managing the promotion and identities of products and product lines.

These branding systems, or architectures, can take various forms that emphasize the corporate name and image, de-emphasize the corporate name, create new brands apart from the company brand, or combine these approaches. There is a method to the madness of each. The chart on page 2 serves to summarize some common branding systems popularized by consumer products manufacturers. High-tech and service-based companies (which traditionally have used and understood branding in a somewhat limited way) as well as professional service firms can still learn much from the experiences of the sellers of soaps and cereals.

Branding Technology and Service Companies

In the high-tech economy, creating a strong corporate brand has become extremely important as companies often position themselves as much for the *stock market* as the *market space*. Companies seek to build awareness and loyalty not only with consumers (or business-to-business customers) but also with Wall Street, venture capitalists, potential new hires, the workforce, strategic partners, supply chain members and the media. In the age of converging technologies and merger mania, sometimes the company itself is the product, hoping to be acquired at a high valuation.

Whether or not merging is on their horizon, high-tech and professional services companies should

The Branding System Spectrum

| | BRAND TYPE | EXAMPLES | STRATEGIC RATIONAL |
|------------------------------|---|---|---|
| CORPORATE DOMINANT -----> | Corporate brand (also: manufacturer brand, national brand) | Saturn BMW Heinz Quaker GE | Strong corporate image is synonymous with product class. Not that common in shelf goods, becoming more popular with technology companies. |
| | Licensed brand | Calvin Klein Guess | Used commonly in the fashion industry. Manufacturers license the name for clothing goods and brand extend into areas such as sunglasses and umbrellas. |
| | House brand (also: family brand, range brand, distributor brand, store brand) | Buick Cadillac Chevrolet Green Giant Sara Lee | Includes several product classes. Used by diversified companies allowing each subsidiary to operate as its own entity and target specific market segments Also used when two product lines are incompatible (i.e. Honda and Acura -- economy and luxury). |
| | Dual brands (also: family brands, endorser brands) | Sears Diehard Sears Kenmore Ford Taurus Ford Mustang General Mills Cheerios Clairol Herbal Essences | Combining the corporate brand with strong subbrand. Subbrands can help differentiate and boost corporate brand and drive brand preference. Subbrands can become umbrella names for a family of products extensions (there are now several versions of Cheerios and almost 40 Herbal Essence product choices). Nestle added its corporate name to Kit Kat. |
| | Co-brands (also: composite brands, ingredient brands) | Columbo Lite w/Nutrasweet Ben & Jerry's Heath Bar Crunch Pop Tarts w/ Smuckers Betty Crocker Brownies w/ Hershey's syrup | Aims to benefit both brands by raising the perceived quality of each brand. Follows rational that the very act of branding can raise familiarity and perceived quality of a product. Allows a brand exposure in product class that it could not enter on its own. |
| BRAND DOMINANT <----- | Mono brands (also: single brands) | Tabasco Huggies Cheer Tide Oxydol | Strong single product brand identity without use of corporate brand. Each product identifies specific customer need. Used by large conglomerates in diversified lines such as P&G, UniLever, Beatrice. Useful when extending product line vertically to gain shelf space/market share. |

concentrate on building a corporate dominant brand consistently over time. Contrary to Winkler’s “warp speed” branding, authors Scott Ward, Larry Light and Johnathan Goldstein believe that “the credibility of a

While corporate dominant branding is one of the least common approaches in consumer “shelf” products branding, it is gaining popularity among technology companies, which especially need to move from a product-centric focus to a promise-centric (brand-centric) focus.

company’s promise of value results from persistence and consistency.”²

Winkler’s most valid advice: don’t brand the product, brand the “bigger idea.” In an information over-loaded society branding can create clarity. It helps a company rise above the clutter.

Creating a strong

single corporate image that the customer can identify with will help a company stand out. While such corporate dominant branding is one of the least common approaches in consumer “shelf” products branding, it is gaining popularity among technology companies, which especially need to move from a product-centric focus to a promise-centric (brand-centric) focus.³

Branding the Bigger Idea

For these high-tech, service-based companies, corporate branding is king because positioning for them is not a shelf space issue. Instead of developing subbrands to extend the product line with more choices to gain more shelf space, high tech firms would do better to create less clutter and simplify and strengthen their corporate brand image. Dell, Gateway, Apple, even Starbucks (a non high-tech company, but one whose brand is as strong as its coffee) are examples that come to mind. These companies are building strong brands using a corporate vision and a “way-of-doing-business” approach. Customers identify as much if not more with their attitude and promise to deliver that

attitude than they do with specific products. Customers do not necessarily come to the company for such-and-such a product, but more with the faith that because of the promise the company delivers, their product needs will be met through their offerings. An exception to this group of examples is the iMac, which is a strong product subbrand — a “silver bullet” if you will — that serves to help bolster the corporate brand of Apple. As a silver bullet, the iMac is to Apple what the Miata was to Mazda, and as such justifies additional branding resources as the subbrand lends strength back to the parent brand.

While price and performance features will always be important factors in the buying process, branding at the product/service level will usually be less effective in the long-term than what the over arching corporate brand says about its product line. Again, using Apple as an example, its brand campaign is so high-level that it doesn’t even use the word Apple, but rather simply the symbol and the slogan, “Think different.” Even the name of its longtime Macintosh line is being de-emphasized with the emphasis rather on values such as courage, innovation, independence and originality. Ward, Light and Goldstein point out that in many cases a successful brand’s value of promise can buy the company time in the technological game of catchup (as in the case of IBM, which is never a technology leader, but always a reliable business partner) or when recovering from quality problems (as evidenced by EMC’s customers sticking with the company when it experienced some serious quality problems early on). In both cases, the promise of the brand outweighed a strict quality/performance evaluation.⁴

Can Two Brands Be Better Than One?

3Com, which decided to dual brand its line of hand-held Palm Computing personal organizers (since they represented a departure from their modem products) is an example of how the subbrand can actually overshadow the parent brand. The modem manufacturer’s Palm Computers depend heavily on the

Palm brand with products carrying only a number to distinguish models such as the Palm IIIe or the Palm V and carry both the Palm Computing logo and the 3Com logo. One could argue that the brand power of the Palm Computing division has become stronger than that of the parent brand. In fact, at the recommendation of investment analysts, 3Com has announced plans to spin off the Palm Computing division as a separate entity. It seems that the marketplace supports the Palm brand as being a strong corporate brand in its own right.

Is Your Branding Strategy Flexible?

The strategy of emphasizing the corporate brand and de-emphasizing the product brand works well when products and product lines must be flexible. Processor speeds and data storage options change constantly. Trying to brand a product line that becomes obsolete quickly is not contributing to the long-term brand building strategy.

What happens when a strong corporate brand decides to extend its product line considerably into new areas? Consider Amazon.com, which over a very short period of time has been able to create extremely high brand awareness and, so far, substantial brand loyalty. As it enters new areas of business beyond its books and music core business, it is choosing to do so under the family brand of Amazon.com. New business areas are branded using only generic, descriptive terminology — for instance, Amazon.com Toys, Amazon.com e-cards, Amazon.com Auctions — a corporate dominant branding architecture.

Because Amazon has tremendous brand strength (and since once it has its systems in place it is simple to tack on new business categories) it is logical to leverage the brand into new areas. The key to maintaining brand strength as the brand is extended into new areas of business is to maintain the customer's experience with and expectation of the brand. Is the Amazon of books, the same Amazon when it comes to toys? Whereas once Amazon was associated with the experience of shopping

for and buying books online, it is now aiming at being “the experience” for shopping and buying (and fulfillment) on line — the bigger idea.

Beware of Brand Dilution

The temptation to extend a brand is high. According to authors John A. Quelch and David Kenny, other than sales promotions, line extensions are the “most effective and least imaginative way to increase sales quickly and inexpensively.”⁵ Brand extensions often are very profitable in the short term. The negative effects may not become apparent for years. The biggest danger of product line extensions is that leveraging the brand too far over too diverse a product or service offering can dilute the brand of its equity. In Amazon.com's case, the question is will attaching it's name to a wider product offering, dilute its core business of books and music? Or will the brand grow to encompass all those offerings? Only time (and the market) will tell.

When deciding how to structure a brand system, Ward, Light and Goldstein advise setting a branding policy. Companies should decide the value of a parent brand v. subbrand strategy. Can or should the value proposition be shared by the parent brand or other subbrands? Often the corporate brand can carry the weight, but subbrands may also have a place. The trick they say, is “to enhance the promise of value for the selected customer segments without jeopardizing or diluting the core promise.”⁶ Finding the answer can take serious market research and internal cost accounting. Quelch and Kenny demonstrate that the unit cost of a multi-item line can be 25 to 45 percent higher than producing just the number one seller. Interestingly, one study revealed that 15 percent of a product line accounted for all of the line's profit (in effect leaving 85 percent of the line as ineffective).

Fleet Bank: A Case in Point

Deciding what and how to brand are serious issues for technology and service businesses — especially financial services and banks. Creating a brand system is

A Branding System Case Scenario

FLEET FINANCIAL

| BRAND TYPE | STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS |
|------------------------------|---|
| Corporate level | Stressing the corporate brand allows a strong corporate identity that can be flexible in its offerings. The brand is Fleet, the subbrands are generic, such as Fleet Finance, Fleet Banking, Fleet Insurance, Fleet On-line, Fleet Brokerage. Such architecture requires an excellent brand campaign to work. Does not allow for targeting or segmenting markets with subbrands. Branding activities are focused and not fragmented promoting various other subbrands. Corporate brand at risk if problems arise in sub-business lines. |
| Dual brands/subbrands | By branding the various lines of business Fleet can better target and segment the market. Fleet StudentBank, Fleet Home1, Fleet Business Plus, etc. provides opportunities to create a connection with a product line and a customer need. This will require many levels of branding activities and could be quite expensive. Such brand building takes time, but could go a long way in differentiating the specific services. In this scenario, if a product line changes or is cancelled, much of the subbranding effort and investment is lost. In a turbulent industry this scenario is risky, but has clear benefits. |
| Co-brands | As Fleet acquires more businesses to compete in insurance and financial services it will need to decide whether or not to keep the name of the known entity or to roll it into its corporate brand or subbrand it. For instance acquiring Quick and Reily brokerage provides Fleet with expertise and a well-known entity in investments. The benefit of keeping the name is the associated prestige and expertise. If Fleet renames it Fleet Brokerage, it risks alienating customers who identify with the Quick and Reily brand. If it keeps Quick and Reily brand they risk diluting or confusing the Fleet brand. |
| Mono brands | Creating a brand outside of the corporate brand is also possible. For instance Neighborhood HomeLoans could be single branded business line that separates itself from Fleet and its less-than-stellar reputation in serving minority neighborhoods in home loans. |

a complex challenge for a company like Fleet, which needs to create a clear identity and promise of value as it prepares to merge with BankBoston, and incorporate recent acquisition Quick and Reily brokerage. The company competes in a dynamic business where industries are converging and its growing portfolio of

products are becoming commodities. At the same time Fleet must also reposition and restructure its operations for the emerging world of e-commerce. Should Fleet brand at the corporate level, use subbrands, co-brands, single brands, service brands, and what are the strengths and weaknesses of each?

Resources

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Notes

1. Winkler
2. Ward, Light, Goldstein
3. Ibid.
4. Ibid.
5. Quelch and Kenny
6. Ward, Light Goldstein



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