

Chapter 2

Literature Review

This chapter presents literature review under five topics – (1) Brand Architecture and Equivalent Concepts, (2) Brand Architecture Typologies, (3) Factors Influencing the Brand Architecture of a Company, (4) Specific Topics Related to Brand Architecture, and (5) Brand Architecture Strategy Explorer. These set the background for various facets of the research work which are presented in the subsequent chapters.

2.1 Brand Architecture and Equivalent Concepts

2.1.1 Definitions of Brand Architecture

“**Brand architecture** is an organizing structure of the brand portfolio that specifies brand roles and the nature of relationships between brands.” (Aaker & Joachimsthaler, 2000b)

Brand architecture prioritizes the relative importance among brands, identifies strategic roles for the brands, and thereby guides resource allocation for brand building (de Chernatony, 2001).

Kapferer (2004) pointed out that a brand has two primary functions – (1) to identify its source or origin, and (2) to distinguish the product from those of competitors. As a company keeps adding to its product portfolio, the system of assigning names and symbols to the products to facilitate proper communication of these two roles becomes a subject of importance. This issue of deciding the brand-product relationships is addressed by **brand architecture**.

Keller (2003)/Keller *et al* (2011) explain as follows: “The **branding strategy**, or **brand architecture**, for a firm tells marketers which brand names, logos, symbols, and so forth to apply to which new and existing products. We often distinguish branding strategies by whether a firm is or should be employing an umbrella, corporate or family brand for all its products (as a “branded house”), or a collection of individual brands all with different names (as a “house of brands”).”

Brand architecture is concerned with how to psychologically connect and disconnect brands in relation to market opportunities, segments and brand relevance (Uggla and Filipson, 2008).

2.1.2 Equivalent Concepts

The terms “**brand structure**” (Laforet and Saunders, 1994, 1999), “**branding strategy**” (Aaker and Joachimsthaler, 2000a), and “**brand hierarchy**” are often used as synonyms to brand architecture. Two more alternative terminologies – Brand System and Brand Portfolio Strategy – are explained in brief below.

Brand System

Brand architecture is also referred to as Brand System. Aaker (1996, 2002) explains the term **Brand System** as follows: “A key to managing brands in an environment of complexity is to consider them as not only individual performers but as members of a system of brands that must work to support one another. A brand system can serve as a launching platform for new products or brands and as a foundation for all brands in the system. But in order for the system to thrive, it must have a reciprocal relationship with each of its brands; they must support the system as much as the system supports them.”

According to Aaker, objectives of the Brand System are – (1) exploit commonalities to generate synergy, (2) reduce brand identity damage, (3) achieve clarity of product offerings, (4) facilitate change and adaptation, and (5) allocate resources.

Brands in the system fall into a hierarchy. Brands at each level in the hierarchy have a specific role to play, and are also related to brands at other levels. The brands at various levels in the hierarchy are (1) corporate brand, (2) range brand, (3) product line brand, and (4) sub-brand.

He also identifies different brand roles, as follows:

1. **Driver role:** A driver brand is one that drives the customer's purchase decision. Its identity matches with what the customer primarily expects out of the purchase in terms of value proposition and use experience.
2. **Endorser role:** A brand in the endorser's role extends support and credibility to the driver brand's claims. Such reassurance (usually by a corporate brand) is important especially for a new product, and could be gradually de-emphasized or withdrawn as the product brand establishes itself.
3. **Strategic role:** A strategic brand is one that is important for the future business of the organization, either because it is already contributing to substantial sales and profits, or has the potential to become a major brand in future.
4. **Sub-brand role:** A sub-brand distinguishes part of the product line within the brand system, such as a specific variant or model. The sub-brand can be a driver or a descriptor brand that clarifies or augments the offering.
5. **Brand benefit:** The role of a brand would also be to brand the features, components or service programs that provide benefits to customers. Examples: Oral-B's Advantage Plaque Remover tooth

brush, Kellogg's Pop-Tarts with Smucker's fruit filling and Hyatt's "Touch and Go" automatic check-in via an 800 number, respectively.

Brand Portfolio Strategy

The brand architecture strategy is also referred to as brand portfolio strategy. Aaker (2004) defines **brand portfolio strategy** as follows: "The brand portfolio strategy specifies the structure of the brand portfolio and the scope, roles, and interrelationships of the portfolio brands. The goals are to create synergy, leverage, and clarity within the portfolio and relevant, differentiated, and energized brands. The portfolio brands, including both owned brands and brands linked through alliances, should be considered a team of brands working together, each with assigned roles to enable and support business strategies."

Aaker also defines the term master brand as follows: "A master (or parent) brand is the primary indicator of the offering, the point of reference," which defines a particular line of products. A master brand can have sub-brands, or can endorse other (product) brands.

2.2 Brand Architecture Typologies

The number of brand architecture types or branding strategies identified varies widely across different proponents on the subject. The various numbers of brand architecture types suggested are three (Olins, 1989), six (Kapferer, 2012), seven (Laforet and Saunders, 1994) and nine (Aaker and Joachimsthaler, 2000a); and this is not an exhaustive list.

However, real life brand architectures do not follow the ideal theoretical patterns suggested in literature. Many companies are found to adopt a mix and match of different types of brand architectures for different products or businesses (Laforet and Saunders, 1994).

The particulars of brand architecture typologies proposed by several authors are delineated in the pages that follow. Though the general direction and approach to the subject are similar, the number of brand architecture types identified and the terminologies used are different. Even where the same terminologies are used, the specific meanings with which they are used are at times in variance with each other. Nonetheless, these sources collectively provide an authoritative and comprehensive overview on the subject of brand architecture typologies, and facilitate further study on this topic.

2.2.1 Murphy (1987) and Olins (1989)

In his book on Corporate Identity, Olins (1989) proposed three alternative approaches to structuring the corporate visual identity, which are explained in brief below. Though the term brand architecture was not used, this is considered as one of the earliest indirect references to this subject, and is credited with having triggered formal study and research on brand architecture.

- 1. Monolithic Structure**, where the company uses one name (usually that of the company) and one visual identity throughout (e.g., Kellogg, British Airways, Shell)
- 2. Endorsed Structure**, where the corporate identity is used along with the names of subsidiaries (e.g., GEC, Hawker Siddeley, ICI)
- 3. Branded Identity**, in which different brands are developed for parts of the organization or for different product lines (e.g., Procter & Gamble, Mars)

Though earlier to that of Olins, Murphy's (1987) work has not drawn as much attention. He wrote about a four level system of corporate identities comprising corporate-dominant systems, brand-dominant systems, balanced systems and mixed systems. Here, Olins' endorsed structure is divided into

two categories (i.e., balanced systems and mixed systems) depending on the extent of endorsement by the corporate brand.

2.2.2 Kapferer (1992, 2004)

Kapferer (2004) suggests six structural models of the brand-product relationship. These were originally proposed in 1992. Each of these is discussed in the paragraphs below. **Figure 1.1** depicts their positions on a graph, showing the relative importance in their roles as product differentiators and as indicators of the product's origin. Some of these structures can be implemented at both the corporate and product brand levels, as a result of which the actual number of brand architecture types could increase to nine.

1. The Product Brand Strategy involves assigning a particular brand name to one and only one product (or product line) with a specific positioning. An example given is that of Procter & Gamble, which offers multiple brands in several product categories (e.g., detergents and toilet soaps), each of which has a distinct positioning and addresses a particular target segment. This model serves as an offensive strategy for the company to cater to all segments of the market, thus commanding a dominant market share without drawing undue attention to itself, as the company name is not publicized. Also, a company can launch new products under new brand names, without any risk to existing product brand(s) or the company brand, through negative spill over due to possible failure of the new product.

Further, the company name does not get associated with any specific product or product category, thereby allowing lot of flexibility for the company to launch a diverse range of products. The product brand strategy is also advantageous from the distribution point of view. As retailers would be willing to provide only a limited amount of shelf space for each brand, having many brands helps in getting more shelf space and visibility, thereby leading to more sales. However, the biggest challenge associated with the

product brand strategy is the high cost of launching and supporting (through advertisements, promotions, etc.) numerous brands.

The product brand strategy is relevant in growing and highly differentiated and segmented markets where even a small market share would translate to significant sales volumes.

While the product brand strategy creates a protective fire wall between brands, at the same time it prevents positive spill over effects from other successful products marketed under the same brand name. Further, new products would not benefit from the economies that one could derive from using a common brand name across products.

2. The Line Brand Strategy involves the exploitation of a successful concept by extending it to other products which are very close to the initial product or which together form an ensemble of complementary products (e.g., use of the Lifebuoy brand name in hand wash, hand sanitizer and talc in addition to toilet soap). This necessitates only marginal costs in retailer discounts and advertising, and should be evaluated in comparison with the benefit of additional sales. The advantages of the line brand strategy are that it reinforces the selling power and enhances the image of the brand, reduces launch costs and facilitates distribution for a new product.

The disadvantage is that one might extend a brand beyond its logical limits, thus leading to failure of the new products.

3. The Range Brand Strategy entails using a single brand name and positioning through a single promise, a range of products in the same area of competence. This brand structure is common in cosmetics, foods, accessories and industrial products (e.g., Heinz, Samsonite). The products marketed under a range brand are bound together by a common brand concept (e.g., moisturization in the case of Dove).

The range brand structure avoids the spread of disparate communications by using a single name for a related group of products. The brand concept is communicated with reference to the products which are most representative, so that this can spread to other products which are not explicitly mentioned.

However, if the number of products under a range brand increases, it would have to be divided into specific lines based on ingredients, application or consumer benefits. As in the case of a line brand, the range brand too could be stretched beyond the limits of the equity enjoyed by it.

4. Umbrella Branding Strategy involves using a common brand name across several products in different market segments. Each of the products would have its own advertising and communications. For example, the brand name Canon is used to market cameras, photocopying machines, fax machines and printers. Other examples of umbrella brands are Yamaha, Mitsubishi, Palmolive and Philips. In these examples, the umbrella brand is a corporate/company name. But this need not necessarily be so.

Umbrella branding strategy capitalizes on economies of scale by using one single brand across products in different categories. This strategy can also be used to enter new markets where the company is not present, at relatively low cost.

A strong brand with a clear meaning can also embrace a wide range of heterogeneous products. For example, Sony (technological innovator) and Palmolive (softness) can cover many product categories, even if they are unrelated. Other examples are Virgin and Nivea.

The numerous products under an umbrella brand are identified by descriptors or generic names rather than being given sub-brand names. However, each product or product line would have its own marketing communications.

5. Source Brand Strategy is different from the umbrella brand strategy on only one point. The products have their own brand names and are not identified only by product descriptors. This is a two-tier branding structure. Each of the product or product line brands has its own promise and specific communications.

In the source brand strategy, the source brand is more important than the product brand. This is somewhat akin to a “branded house” strategy (e.g., Garnier).

6. Endorsing Brand Strategy: Here, an endorsing brand gives its approval to a wide variety of products grouped under different product brands, line brands or range brands. The endorsing brand serves as a guarantor and assumes a secondary position. Each of the product or range brands has its own promise, and drives consumer choice. For example, GM is the endorsing brand for car brands such as Buick, Cadillac and Chevrolet. The endorsement can be indicated graphically by placing an emblem next to the product name as a maker’s mark, or it can be used as part of a dual name.

2.2.3 Laforet and Saunders (1994)

Laforet and Saunders (1994) compiled data on the types of grocery brands sold in Britain, thus leading to an analysis of brand structures (i.e., brand architecture types) that are prevalent. The methodology adopted was content analysis of the packaging of 400 grocery brands available at Tesco and Sainsburys, two leading grocery chains in Britain. A random sample of 20 brands sold by each of Britain’s top 20 suppliers of grocery products was selected for this purpose.

The study led to a systematic classification of brand names into six types of brands, which in turn led to the identification of the varieties of brand hierarchies (i.e., brand architectures) that were prevalent. Though the study was done based on grocery brands, the types of brands and brand

architectures identified encompass all the possible varieties that could be found in almost any industry or business sector.

The 400 grocery brands were classified into **six brand types** as follows:

1. **Corporate Brand Name:** Here, company name is used as synonymous with a product or product class and appears as the only brand identity (e.g., Heinz tomato ketchup, where Heinz is the company name).
2. **House Brand Name:** Sometimes, diversified companies use names of divisions (houses) to identify the products marketed by them (e.g., Quaker's Fischer Price toys; GM's Opel and Cadillac range of cars).
3. **Family Brand Name:** These are names that are used as an umbrella to cover a group of products, but have no relationship with the company's structure. A family brand name could come from a group of products that once belonged to an acquired company (e.g., Nestlé's Carnation Coffee Mate), or may be the result of the extension of a product brand to several related products (e.g., Extensions of Mars and Snickers brands to numerous related products).
4. **Mono Brand Name:** This refers to the use of a single brand name (usually a brand name that applies to a single product or a very limited line of products). Procter & Gamble and Mars are prominent users of this type of branding.
5. **Virtual Brand Name:** This appears as a suffix to identify the variant of a brand or as a qualifier to a brand name (e.g., Nestlé's Friskies Gourmet A La Carte, wherein A La Carte refers to a specific variant). Virtual brand name could have grammatical meaning, but exists only as a brand name qualifier and not as a product descriptor.
6. **Description:** This is not actually a brand name, but a word (or group of words) that describes the product associated with a brand or its variant (e.g., Knorr beef stock cubes, where beef stock cubes is the description).

When more than one brand appears on a package, Laforet and Saunders (1994) describe the least prominent one as the **sub-brand**. It is not among the type of brands described above. In the case of Nestlé's Crosse & Blackwell Branston Pickle, Crosse & Blackwell is a family brand as it is used across a family of products, while Branston Pickle is the product brand. However, Crosse & Blackwell is the sub-brand because of its smaller size on the package.

Laforet and Saunders (1994) also identified three categories (and in turn six types) of brand hierarchies (i.e., brand structures or brand architectures) based on their study. The three principal categories are those where (1) the company name dominates, (2) the individual product name dominates, and (3) where a mix of both is used. Each of these is further divided into two types, thus leading to **six types of brand architectures**, which are described seriatim below.

- 1. Corporate Dominant:** Pure monolithic corporate brand structures as described by Olins (1989) are rare. However, Heinz and Kellogg use their company names for majority of their products, though often together with a product brand name. Mergers and acquisitions have resulted in composite corporate dominant firms such as Colgate-Palmolive and Cadbury Schweppes. Here, parts of the corporate name are associated with specific product classes (e.g., Cadbury with chocolates and Schweppes with mixers).
- 2. House Dominant:** These are similar to corporate dominant structures, but use a house or divisional name in place of the company name. Examples: Quaker uses its own corporate identity on cereals, and Fisher-Price on toys. Mars uses its corporate name on products for human consumption, but uses the name Pedigree on pet foods and Thomas on pet accessories. In these cases, the company's structure is decided based on the markets served, and each operating division's name is used like Olins' monolithic corporate identity. House brand structures are often the result of acquisitions. If the

acquisition is a diversification, the house structure may be maintained. If not, the acquired brand may be absorbed within the existing brand hierarchy.

- 3. Dual Brands:** These are mixed brands with corporate, house or family brand name being used together with a mono or product brand name, with both of them having roughly equal prominence. Examples: Cadbury's Dairy Milk uses a corporate name together with a product brand name, while Rowntree's Chocelite uses a family name together with a product brand name. Brand extensions are a cause for the increasing number of mixed brands of all types (both dual and endorsed brands).
- 4. Endorsed Brands:** As in the case of Dual Branding, here too, corporate/house/family brand is used together with a mono/product brand. However, the product brand is given more prominence. Unilever, 3M and ICI are presented as examples of companies following an endorsed brand structure, as they carry a small imprint of the corporate logo on the product package.
- 5. Brand Dominant:** The use of a series of mono or product brand names for different products is described as a brand dominant structure. Here too, the company name and/or logo appears somewhere on the package, usually as part of the address. Mars and Dalgerty are examples of companies with brand-dominant structures.
- 6. Furtive Brand Dominant:** Here, the name of the company does not appear anywhere on the package. This is done when one wants to avoid the association of the company's name with a particular group of products. Example: Companies which make food products for both humans and pets do not put their brand names on the latter category of products.

Prevalence of Various Brand Types

In terms of brand types, 52 per cent of the 400 brands studied were mixed brands (i.e., dual brands and endorsed brands, including those with a small

corporate logo on the package), 32 per cent were product brand dominant (i.e., mono brands and fictive brands), and 16 per cent were corporate dominant (i.e., corporate brands and house brands).

One would expect that product brands would be the most common among grocery products. However, mixed brands have emerged as the most dominant category because of the method used for classifying brands. Firstly, family brand name used together with an individual product name is also classified as mixed branding. As the family name is associated with a group of products and not with the company or its business unit, it could otherwise be considered as a product category name, and the name of a specific product as a sub-brand. Also, the use of a company logo even in small size on the packaging has been classified as mixed branding. Though there is token endorsement by the company name, the main driver is the product name.

Prevalence of Various Brand Structures

None of the 20 companies included in the study had one pure form of brand architecture or branding structure across all the products. 95 per cent of them had at least one mixed brand, 75 per cent of them had at least one product brand and 65 per cent of them had at least one corporate or house brand.

The brand structures followed by the companies were assigned based on usage and strength of different types of brands in their portfolio. The number of cases where a corporate, house, family, mono or virtual brand name was used was identified for each of the companies. Each such instance was also weighted by a strength score: 4 if the brand type had a predominant position on the package, 3 for an inferior position, 2 if it appears on the front of the package but as a small emblem, 1 if it is not on the front of the package but somewhere.

The number of cases of usage of each brand type weighted by the strength score was used to classify the 20 companies into five brand structure types: Mixed Corporate Branded (3), Mixed House Branded (5), Mixed Family Branded (1), Mixed Corporate Endorsed (3) and Mono Branded (8).

2.2.4 Aaker and Joachimsthaler (2000a)

Aaker and Joachimsthaler (2000a) pointed out that the simple brand structures proposed earlier were no longer adequate or relevant. In keeping with the increased complexity in brand architectures observed across various companies, they proposed a new model with nine types of brand architectures as a “key to the brand architecture challenge”. Brand Relationship Spectrum – as their model was called – classified brand architectures into four principal categories – house of brands, endorsed brands, sub-brands under a master brand and branded house, which in turn were divided into nine types (Refer **Figure 1.2**), depending on differences in identity, driver roles and extent of endorsement. The four principal types are explained below.

House of Brands – A separate brand is established for each product category or channel, so as to offer distinct value propositions, without being burdened by the values associated with the parent (company) brand or other brands in the portfolio. This strategy is divided into two categories – (1) No connection between the parent brand and the sub-brands (i.e., product brands) and (2) loose connection between the parent brand and the sub-brands (referred to as shadow endorsing).

Endorsed Brands – Here, the product brands, though independent, are endorsed by the master brand. The product brand is more important and is in the driver’s role. However, the endorser can play its role even as a token endorser (e.g., Voltas - a Tata Enterprise), as it is better recognized than the endorsed brand. Another alternative form of endorsement is to link the company and product brand names – e.g., McNugget, Nescafé, etc., which

incorporate the parent brand names – McDonalds and Nestlé respectively. The most common alternative is for the full name of the endorsing brand to be clearly spelt out.

Sub-brands – Here, the association between the master brand and the product brand is much stronger. If both the brands contribute equally to the product offering, they would be referred to as co-drivers. An alternative form is where the master brand is more important.

Branded House – Here, the master brand takes on a dominant role. The sub-brands are often just product descriptors. The branded house format, with a focus on the corporate brand, is useful when the number of products is limited. Otherwise, one might run the risk of losing focus and clarity as to what the brand stands for.

2.2.5 Laforet and Saunders (2005, 2007)

Laforet and Saunders (2005, 2007) repeated their study of 1994, ten years later in 2004. They used almost the same methodology with nearly the same set of companies. They found several differences, though not uniformly in extent or direction. However, as the brands were chosen randomly from among those marketed by the identified companies, the changes in the actual list of brands considered could have contributed to some of the differences in types of brands and brand structures that were observed.

Nonetheless, the differences observed were as follows: Mixed brands increased from 53 per cent to 61 percent; corporate dominant brands (comprising corporate brands and house brands) decreased from 16 per cent to 9 per cent, while product-dominant brands (comprising mono brands and furtive brands) remained the same at 32 per cent.

Mergers, acquisitions and restructuring were the principal causes for decline in the percentage of house brands. The use of mono brands had increased

significantly (from 19 per cent to 26 per cent), while furtive brands declined from 13 to 6 per cent. Several changes were also noticed in the companies' overall branding strategies.

2.2.6 Uggla and Filipson (2008)

Uggla and Filipson (2008) point out three limitations of the Brand Relationship Spectrum. Firstly, it considers only the system of owned brands and ignores brand portfolio management through co-branding and ingredient branding. Secondly, it fails to capture the complexity of meaning transfer between brands as in the case of dual brands, co-branding, etc. Instead, the model compensates for this through separation of categories into strong endorsement, token endorsement and shadow endorsement. Thirdly, the branded house is presented as equivalent to a corporate brand structure, though family brands or umbrella brands are also used commonly in the branded house format (e.g., Nivea and Panasonic follow the branded house approach, though they are not corporate brands). Furthermore, the Brand Relationship Spectrum is a stationary model, and does not discuss how one might migrate from one form of architecture to another.

2.3 Factors Influencing the Brand Architecture of a Company

“Brand architecture is an extremely complex subject, where few rules apply” (Temporal, 2002). This statement stems from the fact that there is wide variety and diversity of brand architectures, both within and across industries and product categories. There are a host of factors which determine the brand architecture of a firm, which is what makes the subject very complex. The literature survey presented below captures the essence of work done by various authors on the determinants of brand architecture.

2.3.1 Kapferer (1992, 2004)

Kapferer (1992, 2004) observed that while the six branding strategies are presented as standard models, in actual practice, companies adopt **mixed approaches**, wherein a given brand can be a product, line, range, umbrella or endorsing brand, depending on the context. He explains that **Selecting the Appropriate Branding Strategy** is guided by several factors.

1. **Corporate Strategy:** For example, whether a company wants to position itself as a generalist, single-specialist or a multi-specialist, and how it would like to be seen vis-à-vis its competitors
2. **Business Model:** Companies in the same industry would have different branding strategies depending on their business model. The European cheese industry has three major players – Bel, Bongrain and Lactalis. Bel develops range brands around innovative products. Bongrain develops product brands while Lactalis uses an umbrella brand for all its products including butter and milk. The reason lies in the difference in the business models of these companies. Bel sees itself as the inventor of modernity, anti-traditionalism and every day values, and has to therefore create brands that can be subsequently offered in a variety of forms. Bongrain is into a variety of specialty cheese and has to therefore give each cheese that it creates, a distinct brand name. Lactalis' strategy is to segment generic categories in line with everyday requirements. This gives rise to an umbrella brand policy with descriptive names for each of the varieties.
3. **Culture:** Another parameter that influences brand architecture is the culture associated with brand architecture itself. The United States has a culture of using the product brand strategy, with Procter & Gamble leading the way as the pioneer. Europe and Japan on the other hand have preferred the umbrella brand strategy, with Nivea and Nestlé being the prominent examples from Europe. In Japan, the company brand name (which is often the family name of the founders) is accorded a lot of

importance. The more products and sectors a company's name covers, the more its prestige and reputation.

4. **Pace of Innovation:** In sectors that update their offers quite regularly, a single brand policy that covers the entire range is preferable, rather than having to launch new products every time. Examples are Nokia, Sony-Ericsson, Samsung, Whirlpool and GE.
5. **Added Value Lever:** Where the added value is linked to reassurance, reputation and scale, a single umbrella brand strategy is preferable. Often, the single brand that is used is the corporate brand. A source branding strategy with two levels would also serve equally well. On the other hand, when the market is segmented with many differentiated and personalized products, it is advisable to use a product branding strategy or an endorsing brand strategy, which a parent brand endorsing the product brands.
6. **Resources:** When there is not enough funding, a single brand strategy is recommended. All the more so, if the product is to be marketed internationally, so as to achieve the minimum visibility threshold.
7. **Brand Vision:** The marketer's vision for the brand also impacts brand architecture. Whether a common brand name or individual product names would be used for a range of products would also depend on how the marketer views the common brand (i.e., parent or corporate brand) in question, and in what manner its equity is proposed to be built.
8. **Centralized versus Decentralized Management:** Lastly, companies with decentralized management are susceptible to having a lot of brands. To avoid brand proliferation, 3M came out with a clear branding policy so that new brands were created only when really necessary.

2.3.2 Laforet & Saunders (1994)

Laforet & Saunders (1994) explained the contexts in which certain types of brand architecture are more common. Corporate brands are used when a company operates in a tightly defined market. House branding occurs when a diversified company has divisions that operate in tightly defined markets, in

incompatible product ranges targeted at different market segments. It is also used in the case of acquisitions, where the subsidiaries are given some independence. Mixed branding is common in the case of acquisitions and in the context of brand extensions where a corporate, house or family brand is used to ease consumer acceptance of a new product brand. Mono brands are popular where a diversified company has an extensive product range which is marketed to different target segments, giving a wide choice to consumers.

2.3.3 Laforet & Saunders (1999)

Laforet & Saunders (1999) identified seven determinants of brand architecture based on review of anecdotal literature and depth interviews with managers. Responses to a structured questionnaire were obtained from 48 companies, which helped to arrive at the following conclusions:

- A. History:** Long-term brand ownership and tradition (of using the corporate name or the founder's name) are significantly associated with corporate branding. Diversification leads to house-dominant branding approach, as the companies move into unrelated markets.
- B. Company Structure:** Centralized (both geographically and across products) companies tend to have corporate dominant structures while decentralized companies tend to have product-brand dominant structures.
- C. Corporate Philosophy:** All dimensions of corporate philosophy (i.e., historical associations, beliefs & values, company policy and company pride) are associated with corporate branding. In essence, historical paternalism, company's beliefs and values lead to corporate dominant branding, with the company name helping to communicate the heritage, national pride or owner's pride and ideals.
- D. Strategy:** Several dimensions of strategy (the desire to promote across products, associate the company with premium products, customer loyalty, market leadership, corporate leadership and

product quality) are all associated with corporate branding. This means, leading corporate brands transmit their strength across many products, and offer many advantages. Endorsements have very little power in supporting any of the strategic objectives. Dual brands are effective in adding images through sub-branding and in promoting across products. Corporate endorsement too is associated with promoting across products by gaining reputation from two brands.

E. Market Structure: Corporate branding is associated with homogenous markets; individual brands suit multiple markets, while furtive brands go with incompatible markets. Thus, companies using corporate branding operate in homogenous markets with tightly defined and closely related product areas. Endorsed brands and individual brand names are more suited to fragmented markets to increase differentiation and reduce cannibalization.

F. Segmentation: Brand dominant structures are associated significantly with most of the segmentation dimensions (i.e., positioning products differently, offering different benefits, targeting specific markets, differentiating the product sector).

G. Product Range: Small portfolio of products and same quality across the product range are associated with corporate branding. Diverse quality across the product range is associated with product branding.

2.3.4 Petromilli *et al* (2002)

Petromilliet *al* (2002) point out that many competing companies in the same line of business successfully adopt different brand architectures, and offer the example of General Mills (house of brands) and Kellogg's (branded house) in the cereals business to prove their point.

The brand architecture has to be optimized based on what relationships consumers perceive among the brands in the existing portfolio, i.e., by conducting a brand relationship mapping. Even in the case of acquisitions, if there is a well-defined and forward thinking brand architecture, the acquired

brands can be accommodated into the portfolio in a logical fashion instead of their getting added haphazardly.

2.3.5 Rajagopal & Sanchez (2004)

Rajagopal and Sanchez (2004) point out that the brand architecture of an organization is for the most part an outcome of past management decisions and competitive realities of the market place. The specific factors that contribute to shaping a firm's brand architecture are explained as follows:

- 1. History of the Firm:** "Brand baggage" from the firm's history, including strong brands with rich traditions and also the baggage of weak brands carried over from the past.
- 2. Organizational Structure:** The firm's organizational structure and administrative heritage provide a template for the brand architecture.
- 3. Mode of Expansion:** The firm's international expansion strategy (whether through natural growth, mergers, acquisitions or strategic alliances) influences how the brand structure evolves over time.
- 4. Diversity of Products and Importance of Corporate Identity:** Importance of the firm's corporate identity and diversity of products also impact the range and number of brands.
- 5. Product-Market Characteristics:** Where products have strong cultural roots, local or national brands would gain prominence. On the other hand, in cases where the desired product attributes and customer preferences are homogenous, there is greater opportunity for global brands at both the corporate and product divisional levels.

Product Brand and Corporate Brand: The relative importance given to product brand and corporate brand is also decided based on a case-to-case basis, depending on the returns brought in by each of them. The classic umbrella branding is used for raw materials and undifferentiated products where the company name assures a certain quality. The endorsing brand model (with greater importance to the product brand) is used for well-

differentiated products, which require the status of high technology or reliability provided by a company name. The product brand alone is used when the product is strongly consumer oriented, and is in a highly differentiated and segmented market, and where there is no advantage (or where there could be a negative connotation or a mismatch) of using the company name.

2.3.6 Yu Xie & Boggs (2006)

Yu Xie and Boggs (2006) carried out an extensive literature review to develop a conceptual framework with reference to corporate branding versus product branding in the context of a western firm entering the market in a developing country. The branding strategy (i.e., whether corporate brand or product brand would be used) is determined by five antecedent factors (stakeholder interests, corporate image and reputation, market complexity, marketing costs and product characteristics) and three moderating variables (firm characteristics – age, size and experience). The principal stakeholders are customers and shareholders. Corporate image refers to impressions and expectations about an organization built up in the minds of its stakeholders and the public. Market complexity includes challenges and limitations of the external environment (both institutional and infrastructural) and also internal factors such as business exposure and top management attitude. Marketing costs primarily refers to the expenditure of developing a new brand versus nurturing an already existing one. Product characteristics refer to whether one is marketing an industrial product or a consumer product. Consumer products tend to be more culture sensitive.

Among moderating variables, size of the firm assumes importance because it influences the ability to commit resources, sustain costs and absorb losses and risks. Likewise, the length of a firm's experience and its international exposure also influence the branding strategy.

The main conclusions are that a western firm entering an emerging market is more likely to adopt corporate branding when:

1. Stakeholder interests are broader
2. Corporate image is emphasized more by the stakeholders
3. Target market in the emerging economy is more complex
4. Marketing costs are higher
5. Industrial products are to be sold (as against consumer products)
6. It has less international experience

2.3.7 Strebinger (2014)

According to Strebinger (2014), brand architecture is influenced by factors at three levels – (1) industry, (2) overall strategy of the company, and (3) product-level decisions. The brand architecture itself is an ensemble of case-by-case decisions on branding similarities (or dissimilarities) between individual products or clusters of products, rather than following one standard brand architecture model across all products.

To test the influence of industry, company and product-level factors, a detailed study was conducted based on data collected from survey of executives, observations and desk research on 75 large companies in Austria. Desk research was used to identify the companies for study, based on employee strength. A telephonic survey of marketing executives was carried out to gather inputs on potential synergies in advertising, e-commerce and e-CRM through a shared brand. Observational data was obtained from product packaging, product advertising, by visiting stores and company websites, from catalogues and flyers, etc. Designated coders identified the manifest branding strategies of the brands under study, and also rated pairs of brands as completely similar or completely different on a 10-point scale. Multi-level least squares regression was used to test various hypotheses.

The principal finding was that branding strategies (i.e., brand architectures) are mainly influenced by overall strategy of the company (28 per cent of variance), type of industry (23 per cent), with the remaining variance (49 per cent) being explained by product-level decisions independent of both.

Industry, Company and Product Level Drivers of Brand Architecture

There were several other significant findings regarding industry, company and product-related factors and brand structure:

1. Service and consumer-durable companies exhibit significantly higher branding similarity (i.e., they lean towards corporate dominant branding) as compared to consumer non-durable companies.
2. Potential synergies in media usage, e-CRM and e-commerce across different products, lead to a tilt towards corporate branding (as this helps in achieving cost savings).
3. Older the company, lower the brand similarity between products and services of the company (i.e., orientation towards product dominant branding)
4. Higher the quality difference is between products of a company, lower is the branding similarity between products (i.e., leads to product-dominant branding)

Brand Concept Fit and Brand Similarity

The study also investigated whether higher functional, experiential, symbolic and relational fit in the positioning of two products of a company is associated with higher branding similarity. The result was mixed. The hypotheses relating to functional fit and relational fit between products was not confirmed. The association between experiential fit and brand similarity was confirmed, while that between symbolic fit and brand similarity was marginally confirmed.

The effect of experiential fit on brand similarity was found to be larger than the effect of functional and relational fits on brand similarity. However, the effect of symbolic fit on brand similarity was not found to be larger than those of functional and relational fits on brand similarity.

2.4 Specific Topics Related to Brand Architecture

2.4.1 Brand Architecture and Industry

Many companies own multiple brands and some of these may be internally created, while some others may have come to be owned due to mergers and acquisitions. The brands could be in diverse unrelated industries or could be in similar or even overlapping markets, thus competing with each other.

In some situations, it is seen that companies competing in the same industry have different types of brand architecture (Laforet and Saunders, 1994). A classic example given is that of the confectionery industry. Here, three competing companies – Cadbury Schweppes, Nestlé and Mars use entirely different branding strategies. This observation, though made long ago (Laforet and Saunders, 1994; Saunders and Fu, 1997), is valid to this day. Cadbury uses a mixed branding strategy, where both the company name and the individual product name are given nearly equal importance. In the case of Nestlé, the product name is given more importance, with the company name Nestlé being used as an endorser. Mars on the other hand, predominantly uses a product branding strategy, wherein most of the products have their individual brand names, and the company name is not used at all. Likewise, in personal care products, Unilever and Procter & Gamble use a product branding approach, while Colgate-Palmolive adopts a mixed branding approach with the products being identified by dual names, i.e., company name and individual product name.

In consumer durables, where models and variants keep changing often, the company brand name is essential for maintaining recognition and consumer confidence (Laforet and Saunders, 1994).

2.4.2 Brand Architecture in the Service Sector

The service sector almost overwhelmingly follows corporate-dominant brand architecture, as is evident from numerous sources cited below.

Balmer and Wilkinson (1991) and Denby-Jones (1995) suggested that in the financial services sector, corporate brands tend to be important and more effective for differentiation. Olins (1995) observed that while fast-moving consumer goods businesses often focus on individual product brands, service companies must decide whether to build the brand on specific products or on the corporate brand. Berry (2000) explained that product is the primary focus of a brand in the packaged goods market, while company is the primary focus in the services sector. Dall'Olmo Riley & de Chernatony (2000) observed that the corporate brand forms the focus of the relationship building efforts both within and outside of a service organisation. de Chernatony (2001) postulated that the corporate brand approach to brand architecture management is predominant in the financial services sector. McDonald, *et al.* (2001) suggested that corporate branding may be the appropriate focus for services due to the importance of interactions between employees and customers in shaping brand perceptions. Thus, many authors had proposed that focusing on the corporate brand is the predominant approach to the management of brand architecture in the case of service organisations, based on available indications and opinions of brand experts.

Devlin J (2003) reported on the same topic going by the opinions of eight senior managers from the retail financial services industry. Thus, based on a qualitative methodology (in-depth semi-structured interviews), Devlin concluded that corporate dominant brand architecture is likely to prevail in the services sector rather than mixed branding or individual product-oriented

brand architectures. The feedback received suggested that the use of individual service-specific brands had often proved to be operationally inconvenient, a waste of money and even tended to dilute the image of the parent (i.e., corporate brand). However, the author observed that in a few instances of merger among financial service companies, the brand names of the merged entities continued to be used at the retail operational level, thus leading to “house of brands” architecture. In some other cases, specific services had brand names that were used as sub-brands of the parent brand. Nonetheless, corporate-dominant brand architecture was most predominant among service firms.

More recently, a paper by Rahman and Areni (2014) examined whether it was possible for service firms to develop successful brand architectures. The methodology comprised elicitation of free associations which were categorized under a taxonomy of five brand meaning components. The conclusion was that service firms could successfully use sub-brands (under the corporate names), if the same had been built up meaningfully.

2.4.3 Branding Strategies of FMCG, Services and Durables Sectors in India

Mann, B J S and Kaur M (2013) carried out a content analysis of 600 randomly selected brands marketed in India, 200 each from FMCG, Services and Durables sectors. Hypotheses regarding differences in the branding strategies across the three sectors were tested using MANOVA.

The main findings were as follows: Branding strategies vary across the three sectors. Single corporate branding strategy is predominant in the durables and credence services sectors. In the case of FMCG and experience services, individual product/service brand endorsed by the corporate brand is the most commonly used branding strategy.

2.4.4 Whether Addition of Corporate Name Adds Value

Saunders and Fu (1997) explored whether the addition of corporate names to confectionery brands increased consumers' perception and preference for the brands. The methodology used was conjoint analysis. They found that corporate names have positive part-worths; and therefore do add value to confectionery product brands, and this would be true of other product categories too.

However, many companies such as Mars, Unilever and Procter & Gamble do not use corporate names evidently due to the following reasons. Firstly, they would want to reduce the possibility of their brands (especially those in the same product category) cannibalizing each other. Not using the corporate name helps to increase perceived differences among the brands. Mars does this by not using the corporate name at all on most of its products. Nestlé implements this partially by using the corporate name only as an endorser. The Nestlé name was found to have a lower part worth than that of Cadbury. The authors explained that this was perhaps due to the fact that Nestlé was used across a wider range of products than Cadbury, thereby diluting the strength associated with this name. The authors also observed that corporate brands that are more highly advertised add more value than those that are less advertised.

Another significant outcome of this paper is that there are differences in the way that different customer segments respond to product brands and corporate names. This suggests that one would benefit by using different brand structures for different target segments. For instance, children would be influenced by an attractive brand name for a confectionery product, whereas adults might give more importance to a reputed corporate name. This implies that inconsistency in brand structures for different product groups offered by a company is correct. It refutes the idea that companies should follow a specific brand architecture such as corporate dominant, product dominant or dual branding across all their products.

However, this approach goes contrary to the view that the use of the corporate name helps a company to offer a coherent and harmonized set of products.

2.4.5 Demand Side Approach to Brand Architecture

Most of the literature on brand architecture has focused on arriving at an appropriate classification and nomenclature system for the portfolio of products/brands owned by a company, thus emphasizing on the relationship between the company and its brands (i.e., a supply side approach).

Serota K B and Bhargava M (2010) looked at brand architecture from the demand side (i.e., from the perspective of consumers) for the US car rental industry. Supply side methods for optimizing brand architecture would include qualitative case studies, brand performance audits, interview of key personnel and quantitative study of company data bases. The supply side approach to brand management leads to management decisions, without adequate attention to competing brands and their interactions with and influence on one's own brands. Hence, there is a need for looking at brand architecture from the demand side from the consumers' perspective.

An analysis that includes both own and competing brands along with different usage situations, helps managers to more precisely assign brand roles within the company's brand architecture. Network analysis was used to capture brand inter-relationships as perceived by consumers, and thus arrive at a consumer-based view of the company's brand architecture.

2.5 Brand Architecture Strategy Explorer – A Summary

The highlights of Strebinger's (2004) paper are outlined below to provide the requisite background and thus facilitate understanding of Chapters 5 and 6 in this report. The focus of this summary is to explain the association between strategic brand concepts and brand architecture types as proposed by Strebinger.

Strebinger's Brand Architecture Strategy Explorer (BASE) proposes standard brand architecture strategies for various strategic brand concepts by linking five brand architecture strategies with four strategic brand concepts. This is proposed as an exploratory model that can guide in arriving at strategic brand architecture decisions, subject to its limitations.

2.5.1 Brand Architecture Strategies

At the outset, five brand architecture strategies are considered in Strebinger's paper. These are arrived at by integrating together the various brand architecture typologies proposed by renowned proponents on this subject such as Kapferer (1997), Aaker and Joachimsthaler (2000a) among others. Given below is a brief explanation of the five brand architecture typologies referred to in Strebinger's paper.

1. **Corporate Brand Strategy (C-branding):** A common brand name (i.e., the corporate name or an umbrella brand name) is used across all products or product categories and target groups.
2. **Product Brand Strategy (P-branding):** A distinct brand name is used for each product or product category marketed by the company.
3. **Target Group Brand Strategy (T-branding):** Each target group is offered several products, with a distinct brand name used to address each of them.

4. **Product and Target-Group Specific Brand Strategy (PT-branding):** Here, each combination of product category and target group is given a separate brand name.
5. **Brand Family Strategy (F-branding):** In this case, the company adopts a dual or hierarchical branding structure, with a common endorser (often a company brand name) and several sub-brands or endorsed brands (i.e., brand names of individual products or product groups) with their independent and well-defined positioning.

The five brand architecture typologies or strategies used by Strebinger are depicted diagrammatically in **Figure 1.3** to facilitate clear understanding.

2.5.2 Strategic Brand Concepts

Strebinger considered four strategic brand concepts – functional, experiential, symbolic and relational. The first three of these had been identified by Park *et al* (1986) as part of their Brand Concept Management (BCM) framework advocated for selecting, implementing and controlling brand image to improve market performance. Strebinger added a fourth one – relational, which he otherwise referred to as emotional brand concept in another paper (Strebinger, 2002). The four brand concepts are explained briefly below. Brand concepts are also otherwise referred to as brand benefits.

1. **Functional Brand Concept** – Refers to the intrinsic utilitarian benefits offered by a product, including technical superiority, durability, reliability and good value for money. This concept is associated with the usage of a common brand name across a wide range of products. In other words, it has an integrative effect on brand architecture.
2. **Experiential Brand Concept** – Relates to what it feels like to use the product, including sensory pleasure (hedonism) appealing to any of the five senses, feeling of variety/novelty, etc. It can include non-

product related benefits such as feeling good about oneself or feeling self-confident on using a product. This concept has a separative effect on brand architecture across product categories (i.e., different products or product groups would be designated with different brand names).

3. **Symbolic Brand Concept** – Offers extrinsic advantages which facilitate better personal expression, value and status, improved social acceptance/belongingness and reputation. Thus, it enhances out-directed self-esteem (prestige) and social self-presentation. It has a separative effect on brand architecture by target groups.
4. **Relational Brand Concept** – Refers to good feelings evoked by using a brand which is considered as trustworthy, socially responsible, caring for the society, patriotic, etc. This would also encompass emotional attachment and familiarity with the brand, based on sympathy, attachment and trust. This concept has an integrative impact on brand architecture.

The strategic brand concepts are independent of products and product categories. The four brand concepts can be applied to most types of products. Competing brands in the same product category are often marketed based on different concepts.

Further, most brands project multiple concepts and do not correspond to one “pure” form. It is evident that every brand has to offer the requisite functional benefit (as a point of parity with other competing brands). It should also offer emotional well-being and satisfaction (i.e., experiential benefit). Likewise, there would be traces of symbolic and relational benefits too in every brand. Nonetheless, in each brand, one of the concepts would be more dominant than the others. And in some brands, one of the concepts could be quite predominant.

Thus, each brand exhibits a particular concept or mix of concepts, which is determined by the product’s features and the marketing communications.

2.5.3 Linkage between Brand Architecture and Brand Concepts

The linkages proposed by BASE between brand concepts and brand architecture strategies are depicted in **Figure 1.4**. The same are explained in the paragraphs that follow.

According to BASE, experiential concept is best expressed through P-Branding. BASE recommends a P-branding strategy (i.e., product branding strategy comprising different brands for different products) when a company has a range of products with different experiential characteristics.

BASE recommends a T-branding strategy (i.e., different brands for different target groups, across products/product categories), if a company's product range encompasses symbolic concepts. For example, luxury brands like Cartier, Diesel, Giorgio Armani, Gucci, Hugo Boss and Louis Vuitton successfully offer a broad variety of products under one brand, as the image of the typical brand users and the expectations of each target group are uniform. Other examples include automobile brands such as Jaguar and BMW. The most important thing to note is that the brand should not mix up different target groups.

If a company's product range represents different combinations of symbolic and experiential brand concepts, it should resort to PT-branding (i.e., different brands for each product and each target group). This is the most separative and costliest form of brand architecture, because of the large number of brands that would have to be supported. Companies that market soft drinks and alcoholic beverages typically offer different brands of each product for different product groups.

BASE proposes that when the product portfolio offered by a company is primarily based on functional or relational positioning, or a combination of the two, it would benefit from a C-branding strategy (i.e., use of the

corporate name across all the products). This is because functional and relational concepts can conveniently hold together a wide variety of products offered or target groups served, as long as there are no incompatibilities among the products and target groups on symbolic or experiential dimensions. Examples include Allianz, Siemens and Wal-Mart among functional corporate brands and Henkel and HSBC among relational corporate brands.

When experiential and relational concepts, symbolic and functional concepts, or any two or more concepts are used together, BASE advocates F-Branding (i.e., use of dual brand name with the corporate name followed by a product name as the sub-brand). This would be relevant for large markets with considerable degree of product and target market heterogeneity. In such cases, the corporate brand can be complemented with specific sub-brands at the product or target group level. If the functional or relational concept is more important, the corporate brand would be more dominant. Instead, if the experiential or symbolic concept is more important, the product or target brand would be in the driver's seat, with the corporate brand serving as a tacit endorser. Examples of companies following the family-branding strategy include L'Oréal, Ford, Sony, Volkswagen and Nike. In all these examples, the corporate brand is more dominant.

A very important practical limitation of this model however, is that many companies have different products that are based on functional, experiential, symbolic and relational offerings, which may not follow this model. Also, the brand architecture would have evolved over time (often as a result of mergers and acquisitions), and therefore may not follow the pattern suggested by BASE.