BRAND ARCHITECTURE
- Designing a Framework in the Indian Context

SYNOPSIS

Brand Architecture

This thesis deals with the subject of Brand Architecture. Brand Architecture primarily refers to the way a company structures the brands marketed by it, with appropriate relationships and hierarchy among them. Different brand architecture types have their advantages and disadvantages. Structuring and managing the brand architecture is therefore an important part of marketing/branding strategy.

There are three classic styles of brand architecture – (i) corporate dominant (where all the products are assigned one brand name, usually the name of the company), (ii) product dominant (where each product or group of products is assigned a distinct brand name and the products are marketed without any direct reference to the company name) and (iii) dual branding (where the products are assigned dual brand names, the first part usually being the name of the company, and the second part being the name assigned specifically to each product). In actual practice, there are many variants of the three classic styles. Further, most large companies do not follow the same brand architecture model for all the products. They often mix and match different brand architecture styles for different product groups and business divisions.
Motivation for the Research

Brand Architecture has gained importance as a subject of academic study relatively recently. Several researchers have worked on specific aspects of this topic in different parts of the world and at different times. However, the number and types of brand architectures identified vary across authors, and so do the observations on their usage pattern and the factors that determine brand architecture. Further, the association between brand concepts and brand architecture suggested by one of the researchers had not been empirically investigated. Also, much of the work related to brand architecture had been done in the western world. Therefore, opportunity for a systematic study and integration of earlier work on the subject of brand architecture, and the scope for exploring the applicability of the same to India, are the principal sources of motivation for this research.

Objectives of the Research

Going by the motivation for the research, the literature survey and the gaps identified there from, the research objectives were identified as follows:

1. To conduct a systematic study of brand architecture types prevalent among consumer products marketed in India (with a focus on fast moving consumer goods), the relative usage of various types of brand architecture and the product categories in which they are deployed.
2. To identify the important factors influencing brand architectures among companies operating in the consumer products (fast moving consumer goods) business in India, and to explain the nature of their influence.
3. To explore whether and to what extent there is association between brand concepts and brand architecture types among consumer product brands marketed in India.

4. Based on the outcome of research pertaining to objectives 1, 2 and 3 above, draw up a conceptual framework encompassing the most important factors that determine brand architecture, so as to serve as a guideline for designing the brand architecture of a consumer products company operating in India.

**Types of Brand Architecture Prevalent in India and the Contexts in Which They are Used**

This part of the study was conducted focusing on the Fast Moving Consumer Goods (FMCG) sector, i.e., the consumer packaged goods industry. This is because the principles of brand management find the strongest and most extensive application in this sector. Also, consumer durables and services are found to predominantly follow corporate dominant brand architecture, as against which there is wider variety of brand architectures in use in the FMCG sector. While the various facets of brand architecture and its application come out strongly in the FMCG sector, the general principles emerging there from would be applicable to all sectors.

A total of 722 primary brands (i.e., customer facing brands, excluding sub-brands and variants) offered by 55 leading FMCG companies operating at the national level in India were used as the sample for this part of the study. This sample is estimated to account for around 80% of the FMCG market catered to by national level manufacturer brands, and is therefore almost representative of the universe itself.
The brand architecture types used in the Indian FMCG sector were classified into three major categories – (1) corporate dominant, (2) dual brand and (3) product brand.

The main findings considering the sample of 722 brands as the units of observation (which nearly represent the “universe” itself) are as follows:

1. More than 80 per cent of the FMCG brands are in the food products and personal care products categories. Out of the 722 brands included in the study, 46.3 per cent (334 numbers) are food product brands, 36.8 per cent (266 numbers) are personal care brands, 9.2 per cent (66 numbers) are household care brands, while 7.7 per cent (56 numbers) are OTC healthcare brands.

2. Out of the 722 brands, only 10 per cent (75 numbers) are corporate dominant brands, while 47% (336 numbers) are dual brands and 43% (311 numbers) are product brands. However, corporate brands play a significant role in the marketing of fast moving consumer goods as endorsers and co-drivers in the case of dual brands, and as tacit endorsers (represented by way of a small company logo) in the case of many product brands.

3. 59% of personal care products are dual branded (i.e., combination of company name and product name), followed by 38% which are product brands. This shows that dual branding (i.e., inclusion of the corporate name) is quite prominent even among personal care products, which are otherwise perceived to be largely driven by independent product brands.

4. In the case of OTC healthcare brands, 43% are product brands, while another 43% are dual brands. This is an interesting finding because one
would tend to think that corporate brands would be extremely important for healthcare products. It is also interesting to note that 43% of OTC healthcare brands are pure product brands, without being associated with a corporate or umbrella brand name. This means that quite a number of OTC healthcare products are being marketed with distinct positioning and marketing budgets of their own, akin to personal care products.

5. The household care products are sold almost overwhelmingly through product names (85%). This speaks of the importance that they are given – by way of being marketed with distinct names and positioning of their own.

6. In the foods category, most of the products are sold as dual brands (44%) or product brands (39%). Corporate brands too have a significant presence (17%). This pattern is along expected lines, as corporate brands are present in the case of majority of the products (44% + 17%), given the perceived risk and involvement associated with this category. The presence of a reliable and well-known corporate name provides the necessary assurance and comfort to consumers.

The above findings are presented through a series of pie charts in Figure 1.

A cross-tabulation of the brand architecture category applicable to each company and the product categories that each of them is engaged in led to the following observations. Here, the 55 companies are the units of observation and measurement.

1. Personal care product companies are strongly associated with product branding (42%) and dual branding (40%).
2. OTC health care companies follow one of three types of branding – mix of dual and product branding (45 %), product branding (33 %) and dual branding (22 %).

3. Home care product companies predominantly follow product branding (72 %).

4. Food product companies tend to use product branding (44 %) and dual branding (27 %).

Thus, analysis based on product as the unit of observation and company as the unit of observation both point in the same direction, though there are minor differences.

**Association between Brand Architecture and Brand Concept**

A paper by Strebing (2004)\(^1\) had proposed a relationship between brand concepts and brand architecture. This was called the Brand Architecture Strategy Explorer (BASE) framework and was based on anecdotal evidence and logical reasoning. Four brand concepts – functional, experiential, symbolic and relational – were linked to different types of brand architectures. The brand concepts are an indication of brand benefits. While functional benefits are tangible and are directly related to product features, value for money, etc., the other three brand concepts provide intangible benefits such as inward directed sensory experience or happiness (experiential benefit), outward directed esteem and status (symbolic benefit) and the satisfaction and joy of being associated with a brand that is trustworthy, caring, etc. (relational benefit). Strebing advocated that each of the brand concepts is best implemented through certain types of brand architecture. However, neither he, nor anyone else, had

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empirically investigated the extent to which the principles proposed by him had found implementation in actual practice.

The first step in investigating the association between brand concepts and brand architecture is to identify a suitable sample of brands and assign the relevant brand concept(s) and brand architecture applicable to each of them. A sample of 100 fast moving consumer goods (FMCG) brands marketed in India was identified for this purpose. These brands were largely drawn from the Nielsen Most Trusted Brands Surveys of 2013 and 2014, which are well-established and authentic sources for identifying the most prominent consumer product and service brands in India. The brand architecture type applicable to each brand was decided by the researcher, as this is readily discernible from the branding structure and nomenclature pattern that is followed by the companies.

One method that was used to assign brand concept(s) to the chosen brands was to go by consumer feedback. A consumer survey with a total sample size of 366 was conducted to get adequate number of responses on each of the 100 brands. Only three brand concepts were considered – functional, experiential and symbolic – as relational is a sub-variety of experiential.

In the consumer survey, the respondents were given a set of brands and were asked to classify them as being Functional, Experiential or Symbolic, based on their exposure to and experience with the brands. The concept which received the highest percentage of consumer responses was identified as the predominant brand concept applicable to the brand. In case a second or third brand concept received at least 50% of the responses received against the predominant brand concept, these too were considered, thus classifying the brand as having a mix of two or three concepts.
Though this method is intuitive and does not have the rigour of standard statistical methods such as a Chi-Square test or a test of proportions, this was found to be the most appropriate in the given context. A brand is considered as being oriented towards a particular brand concept based on marginal inclination towards that concept as against the other concepts. Statistical tests are not adequately sensitive to capture incremental and marginal differences.

Essentially, all brands are based on mixed concepts, and only vary in the extent to which they are stronger on a particular concept. For example, all brands must and should provide the minimum expected functional benefit, and should therefore have the functional concept. They should also have the experiential and symbolic concepts, as they should provide a minimum sense of satisfaction and well-being, and should not be a threat to our ego and image. Hence the need for a made-to-order method for assigning the predominant brand concept(s) applicable to the brands.

The brand concepts were also assigned by two marketing experts as a cross-check on the classification obtained through the consumer survey. The two were the same in 77 out of the 100 cases.

The extent of alignment of industry practice with the BASE framework was decided based on judgement (as being “low”, “medium” or “high”) across six relevant parameters, considering the percentage of brands with different combinations of brand concept and brand architecture type. The findings from the consumer survey and from expert opinion were in close alignment with each other (Refer Table 1).

Based on a scoring pattern, one arrived at a score of 23 out of 48. The conclusion therefore is that the principles advocated by BASE find application in actual practice to the extent of about 50 per cent. The propositions made by
BASE are logically quite correct. However, there is only partial implementation in actual practice because there are several other factors which influence brand architecture, and not just brand concepts alone.

The empirical study based on consumer survey and expert opinion also helps to draw up an overall picture of the association between brand concepts and brand architecture strategy, akin to the one given by Strebinger (2004). A conceptual diagram depicting the same is presented in Figure 2. It considers the three major categories of brand architecture – corporate, dual and product (i.e., C-Branding, D-Branding and P-Branding) and the three brand concepts – Functional, Experiential and Symbolic – and combinations thereof. The diagram indicates which type of brand architectures are associated with which brand concepts. Larger the font size, greater the association. The diagram has been arrived at based roughly on the percentage of corporate, product and dual brands that fall under different brand concepts, based on the average from both the consumer survey and expert opinion.

The study considered 100 brands from the FMCG sector, of which 68% were product brands, 15% were dual brands and 17% were corporate brands. Going by the “universe” of 722 brands, the actual percentages of product, dual and corporate brands expected in the Indian FMCG industry are 43%, 47% and 10% respectively.

Giving equal weightage to findings from the Consumer Survey and Expert Opinion, an overall estimated pattern of brands was drawn up in terms of brand concepts and brand architecture categories, adjusting for the actual proportion of product, dual and corporate brands in the FMCG sector in India. This is presented in diagrammatic form in Figure 3. This shows the expected pattern of association between brand concept and brand architecture considering FMCG brands marketed in India. This however, is a reflection of what was found in actual practice, and is not a recommendation.
Factors Influencing Brand Architecture

Various authors have come up with different lists of factors that influence brand architecture. While some of the factors identified are nearly the same, some are different. There is no commonly agreed standard list on this subject. The lists also differ depending on the perspectives from which they have been drawn up. Further, some of the factors identified as influencing brand architecture, could influence each other; while some others could be both influencers as well as outcomes of brand architecture, depending on one’s perspective.

Therefore, based on literature survey, and also observations from the study of 722 brands and 55 companies referred to earlier, a simplified list of factors and their influences was drawn up. While these are documented in the form of observations from industry practice, they also serve as recommendations as to which type of brand architecture is preferable in what context.

The company’s history, including long term brand ownership and tradition (of using the company name) are important influencers on brand architecture. Corporate philosophy (comprising historical associations, beliefs & values, company policy and company pride) is also an allied influence. Also, the initial or flagship products tend to carry the name of the company (e.g., as in the case of Coca-Cola, Pepsi Cola and Nescafé), while subsequent products and diversification products are more likely to have either dual names or their own individual brand names.

Organization structure and administrative heritage constitute an important factor influencing the brand architecture of a company. Centralized management is more likely to result in corporate dominant branding, whereas decentralized management is likely to lead towards preponderance of product branding.
The mode of expansion – whether organic growth, acquisition, etc., - influences the brand architecture template of a company. In the case of acquisitions, the acquired brands are retained, if they command good brand equity. In many instances, the brands themselves are an important reason for the acquisition of another firm. This leads to proliferation of brands marketed by the acquiring company, leading to more product brands. In some cases, the corporate brands of the acquired companies are handled as umbrella or family brands, with numerous product or sub-brands under them.

When a company has a small portfolio of products, it tends to use corporate branding. As the portfolio of products increases, and there is diversity in the variety and quality of products offered, there is higher tendency to use product or dual branding.

Where reassurance, reputation and scale are the sources of added value, corporate dominant branding is more suitable. Where product differentiation and personalization are more important, product-dominant branding would be the appropriate choice.

The corporate brand (or a dual name with a corporate brand as endorser) is advocated in situations where the perceived risk associated with the product is high. We therefore see dual branding in the case of many food products and cosmetics, with the corporate name lending support as an endorser. High cost and high involvement products (such as consumer durables, automobiles and many services) would benefit from a corporate name. Therefore, many consumer durable and service companies have corporate dominant brand architectures, while others follow a dual form of brand architecture.
When the pace of innovation in the industry is more rapid, and newer products and models are introduced into the market frequently, it would be difficult and expensive to promote and support new brand names every time. This is why consumer durable companies adopt corporate-dominant brand architectures. Individual product names are used only in the case of very prominent and blockbuster products, where the effort and expenditure of promoting individual product names is justified by the revenues and profits.

Homogenous markets with tightly defined and closely related product areas are more suited for corporate branding. Dual branding and individual product brand names are more suited to fragmented markets to increase differentiation and reduce cannibalization.

**A Conceptual Framework for Brand Architecture**

The directions regarding factors influencing brand architecture as emerging from literature survey and other sources and examples have been summarized in diagrammatic form in **Figure 4**. This figure identifies eight principal determinants of brand architecture. These are also logically related to each other.

The last part of **Figure 4** depicts the possible relationships among these factors. The arrows shown therein are only indicative, and suggest that company’s history and philosophy influence organization structure, mode of expansion and product range. All these in-turn have an influence on the products’ source of added value, the cost, risk & consumer involvement associated with the company’s products, the pace of industry innovation and market structure. The last three factors are external to the organization, but are nonetheless determined by decisions emerging from internal factors. All the factors, both individually and collectively, have an influence on the company’s brand architecture.
Continuing there from, a conceptual framework or checklist for developing and managing the brand architecture of a company has been drawn up and presented in tabular form (Figure 5). To be more precise, this framework suggests the type of brand architecture nomenclature that may be assigned to specific products, depending on the relevant context. Individual brands can be added to the portfolio or dropped, while following the principles given herein.

This is a simple framework highlighting the most important aspects to be considered in decisions pertaining to branding strategy and structure. It has been documented based on insights from the Indian consumer products industry, in particular from the fast moving consumer goods sector. All the suggestions made in this framework are based on “other things remaining the same” principle, and are not absolute commandments.

The main limitations are that this framework omits the larger environmental and situational factors, and does not specify any sequencing or relative importance of the factors to be considered. The relative importance and sequencing are context-specific and are also determined by the strategy/policy followed by individual companies, and what competitors are doing.

Further, the brand architecture of a firm is not entirely static, though it is typically there for the medium to long term. It is subject to audit and modification/refinement where warranted. However, even where the brand architecture of a firm is not in alignment with the optimal recommendation, a sudden and drastic realignment may not be advisable, as this could completely upset consumers’ understanding of the brands, and have more negative than positive consequences.
Figure 1
Pie Charts Showing Pattern of FMCG Brands in India by Product Categories and Brand Architecture Categories

Source: Study of 722 FMCG brands marketed in India
Table 1
Association between Brand Concepts and Brand Architecture
- Overall Conclusions Based on Consumer Survey and Expert Opinion

<table>
<thead>
<tr>
<th>No.</th>
<th>Parameter (Brand Category/Concept Type)</th>
<th>Extent of Agreement with BASE</th>
<th>Agreement Score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Consumer Survey</td>
<td>Expert Opinion</td>
</tr>
<tr>
<td>1</td>
<td>Product Brands</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>2</td>
<td>Dual Brands</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Corporate Brands</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>4</td>
<td>Functional Concept</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>5</td>
<td>Experiential Concept</td>
<td>High</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Symbolic Concept</td>
<td>Low</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>23/48</strong></td>
<td></td>
</tr>
</tbody>
</table>

Scoring Methodology:

Two research results are considered, based on – (1) consumer survey, and (2) expert opinion.

In each case, High Agreement with BASE = 3 out of 4
Moderate Agreement with BASE = 2 out of 4
Low Agreement with BASE = 1 out of 4
Figure 2
Linking Brand Concepts and Brand Architecture Strategy
- Conceptual Diagram Based on Empirical Study

Source: Study on 100 brands through consumer survey and expert opinion
Figure 3
Estimated Distribution of FMCG Brands in India
across Brand Concepts and Brand Architecture Categories
(by Percentage)

Source: Study on 100 brands through consumer survey and expert opinion
Figure 4
Factors Influencing Brand Architecture
– Directions from Literature Review & Other Sources

1. History
   - Long term brand ownership & tradition
     – C Branding

2. Brand Vision
   - How the company views its corporate & product brands

3. Centralized vs Decentralized Management
   - Decentralized – More brands (P Branding)
   - Centralized – C Branding

4. Corporate Strategy
   - Whether Generalist, Single Specialist or Multi-Specialist

   Company’s Market Focus
   - Narrow & tightly defined market
     – C Branding
   - Divisions targeting different but tightly defined markets
     – U Branding
   - Acquisitions & Brand Extensions
     – D-Branding

   Strategy
   - Promoting across products
     – C Branding
   - Adding image through sub-branding
     – D Branding

   Product Range
   - Small portfolio
     – C Branding
   - Wide portfolio
     – P Branding

   Segmentation
   - Positioning products differently, targeting different markets
     – P Branding

   Potential Marketing Synergies
   - E

   Diversity of Products
   - D

   Quality Difference between Products
   - E

   Organizational Structure
   - & administrative heritage

   Mode of Expansion
   - Natural Growth, Acquisition, etc.

Contd..
Figure 4 (Contd..)

Added Value Lever
- Resource, reputation & scale
- Differentiation & personalization
  - C Branding
  - P Branding & D Branding

Experiential Fit between Products

Pace of Industry Innovation
- High pace of innovation
  - C Branding
- Low pace of innovation
  - P Branding

Market Structure
- Homogenous markets
  - C Branding
- Fragmented Markets
  - P & D Branding

Product-Market Characteristics
- Homogenous vs Heterogenous

Sources:
E = Strebinger (2014)
Figure 5
Conceptual Framework for Designing the Brand Architecture of a Company and for Deciding the Brand Architecture Types of Individual Products

<table>
<thead>
<tr>
<th>#</th>
<th>Factor</th>
<th>Level</th>
<th>Suggested Brand Architecture Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Corporate History &amp; Philosophy</td>
<td>Pioneering &amp; Flagship Product</td>
<td>Corporate Branding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subsequent Product</td>
<td>Dual Branding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>New Product in New Category</td>
<td>Product Branding</td>
</tr>
<tr>
<td>2</td>
<td>Organization Structure</td>
<td>Centralized</td>
<td>Corporate Branding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Decentralized</td>
<td>Product Branding</td>
</tr>
<tr>
<td>3</td>
<td>Company’s Mode of Expansion</td>
<td>Organic Growth</td>
<td>Corporate Branding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Joint Ventures</td>
<td>Dual Corporate Branding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Acquisitions</td>
<td>Product Branding</td>
</tr>
<tr>
<td>4</td>
<td>Company’s Product Range</td>
<td>Limited and Narrow Category</td>
<td>Corporate Branding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extensive &amp; Diverse Categories</td>
<td>Dual &amp; Product Branding</td>
</tr>
<tr>
<td>5</td>
<td>Products’ Source of Added Value</td>
<td>Functional Concept</td>
<td>Product Branding &amp; Corporate Branding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Experiential Concept</td>
<td>Product Branding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Symbolic Concept</td>
<td>Dual Branding &amp; Product Branding</td>
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<tr>
<td></td>
<td></td>
<td>Relational Concept</td>
<td>Corporate Branding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mixed Concepts</td>
<td>Dual Branding</td>
</tr>
<tr>
<td>6</td>
<td>Perceived Risk &amp; Cost of the Product</td>
<td>High</td>
<td>Corporate Branding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Medium</td>
<td>Dual Branding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Low</td>
<td>Product Branding</td>
</tr>
<tr>
<td>7</td>
<td>Pace of Industry Innovation</td>
<td>High</td>
<td>Corporate Branding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Medium</td>
<td>Dual Branding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Low</td>
<td>Product Branding</td>
</tr>
<tr>
<td>8</td>
<td>Market Structure</td>
<td>Homogenous</td>
<td>Corporate Branding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Divided</td>
<td>Dual Branding</td>
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<tr>
<td></td>
<td></td>
<td>Fragmented</td>
<td>Product Branding</td>
</tr>
</tbody>
</table>

Note: All the above suggestions are based on “other things remaining the same” principle, and are not absolute commandments.