Chapter 1

Introduction

1.1 Motivation for the Research

Though the concept of brand architecture\(^1\) has been used by businesses since a long time, it has found recognition and has become a subject of systematic study only recently. The earliest references that can be linked to this concept are on Corporate Identity and Image, and are from the latter half of the 1980s (Gray and Smeltzer, 1985; Murphy, 1987; Olins, 1989). The term brand architecture was used for the first time in 1995 (Uncles et al, 1995).

The strategic importance of brand architecture and the need for designing the same in a well-thought out manner is finding growing recognition among both academicians and practitioners in different parts of the world. At the same time, there is rapid explosion in the marketing of branded products and services in India in recent years, and Indians are becoming increasingly more brand conscious. This makes brand architecture an important subject of study in the Indian context. Given this situation, the following research questions arise:

1. What are the principal types of brand architecture that are prevalent, and which of them are used more commonly and in what contexts?
2. What are the factors that determine the brand architecture of a business, and how do they influence the same?

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\(^1\) **Brand architecture** is an organizing structure of the brand portfolio that specifies brand roles and the nature of relationships between brands (Aaker and Joachimsthaler, 2000). **Brand portfolio** is the set of all brands that a particular seller makes available to buyers.
3. Is there any association between brand concepts and brand architecture? If so, what is the nature and extent of such association?

Several researchers have worked on specific aspects of the above topics in different countries 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. The suggested association between brand concepts and brand architecture had not been empirically investigated. Therefore, opportunity for the study and integration of earlier work on the subject of brand architecture, and the scope for exploring the applicability of the findings of earlier authors to India, are the principal sources of motivation for this research.

1.2 Literature Survey and Identification of Research Gaps

A summary of the literature survey and the research gaps arising there from are discussed below under three heads, categorized based on the nature of literature survey. A more detailed literature review, covering many more sources, is presented in Chapter 2.

1.2.1 Types of Brand Architecture and Roles Played by Constituent Brands

There are several research papers and books that describe different types of brand architecture, their merits and demerits; and the roles played by the

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2 Park, Jaworski and MacInnis (1986) defined brand concept as “a firm-selected brand meaning derived from basic consumer needs”. They proposed three brand concepts – functional, experiential and symbolic. The functional concept meets functional needs and corresponds to differentiation based on functional benefits. Experiential and symbolic brand concepts relate to positioning based on emotional benefits, the former being inward directed, and the latter, externally focused.
constituent brands in each of the architecture types (e.g., Devlin, 2003; Harish, 2008; Muzellec & Lambkin, 2009; Serota & Bhargava, 2010; Kanitz & Burmann, 2012; Kunkel et al, 2013). Some of these sources explain the various types of brand architecture in general, while others apply them to specific industries and contexts. The contents of four important and landmark sources are explained in brief below.

**Olins (1989)**

Olins (1989) proposed the idea of ‘corporate identity structure’, comprising three alternative models – (1) monolithic identity for companies having a single brand, (2) endorsed identity with different brands that are visually connected to each other, and (3) branded identity in which distinct brands are developed for parts of the organization or for different product lines. Effect, Olins was suggesting three fundamental types of brand architecture to suit specific contexts. Olins’ ‘corporate identity structure’ laid the foundation for the ‘brand architecture’ concept, though he did not use this terminology.

**Laforet and Saunders (1994)**

Based on content analysis of the packaging of 400 consumer goods brands (in the United Kingdom), Laforet and Saunders (1994) identified three types of brand structures (i.e., brand architectures) in practice: corporate-dominant, mixed and brand dominant. They found mixed brands to be the most common, closely followed by brand dominant structures, while corporate-dominant brand structures were comparatively limited. They observed that true corporate brand structures conforming to Olins’ monolithic model, are rare. Further, they identified two types of corporate-dominant branding structures – corporate brands (corporate names used) and house brands (subsidiary’s names used). Likewise, mixed brand structures were found to be of two types – dual brands
(two or more brands given equal prominence) and endorsed brands (product brands endorsed by corporate or house identity). Brand dominant structures too were found to be of two types – mono brands (a single product brand-name used) and furtive brands (single product brand-name used, without revealing the name of the owning company on the package). Thus, the total number of types of brand architecture (which Laforet and Saunders referred to as brand structure) identified was six.

Laforet and Saunders (1994) also explained the contexts in which different branding strategies were more common. They observed that 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. Mixed brands occur for both corporate and marketing reasons. This is common in the case of acquisitions and also 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.

There is a surprising degree of diversity in the way that companies manage their brand portfolios. Even within the same market, companies interpret the best strategy for brands differently (Laforet and Saunders, 1994). Laforet and Saunders also explained how different automobile and confectionery companies have diverse approaches to managing their brand portfolios.

**Kapferer (1997)**

The chapter – “Brand Architecture: Handling a Large Product Portfolio” in Kapferer’s (1997) book on Brand Management was the first detailed academic
exposition on the subject of brand architecture. Kapferer identified two main functions of a brand – (1) to differentiate a product from other competing products, and (2) to indicate its origin or ownership. But as a company expands its product portfolio, the simultaneous realization of these two objectives becomes difficult, which is where one resorts to adopting a specific brand architecture strategy. Kapferer identified six brand architecture models used in the management of the brand-product relationship. Each model denotes a certain role for the brand, its status as well as its relationship with the products which it encompasses. The six models are product brand, line brand, range brand, umbrella brand, source brand and endorsing brand (Figure 1.1).


Aaker and Joachimsthaler (2000) introduced ‘The Brand Relationship Spectrum’ - a detailed exposition on different types of brand architecture. ‘The Brand Relationship Spectrum’ identified four principal branding routes – house of brands, endorsed brands, sub-brands and branded house. Aaker and Joachimsthaler explain that the house of brands strategy involves an independent set of stand-alone product brands, each maximizing the impact on a market. Endorsed brands are still independent product brands, but they are also endorsed by another brand, usually an organizational brand. Sub-brands are product brands connected to a master or parent brand (usually a company brand), and they augment or modify the associations of that master brand. In a branded house strategy, a master brand (i.e., a company brand or house brand) plays a dominant driver role across multiple offerings. The four principal branding routes were further divided into nine models of brand architecture (Figure 1.2). ‘The Brand Relationship Spectrum’ has emerged as a very popular and authoritative framework on the subject of brand architecture types.
Research Gap 1:
Available literature suggests the number of brand architecture types to be anywhere from three to nine, depending on the extent of minor distinctions that one wants to go into. There are also several views as to which type is used where, and should be used where. For the Indian academician as well as practitioner, there is no single source of comprehensive information as to the principal types of brand architecture prevalent in India, their frequency of usage and the situations in which they are used.

1.2.2 Factors that Determine the Brand Architecture of a Business

Next, we have research papers that draw attention to the factors that determine the brand architecture of a business, e.g., legacy of past business decisions, product-market characteristics, organization structure and growth strategy, etc. These papers suggest that the brand architectures have often evolved as a result of other managerial decisions and not due to conscious branding related decisions alone. The contents of two important papers of this type are described briefly below.

Laforet and Saunders (1999)

Laforet and Saunders (1999) identified seven determinants of brand structures – history (long-term brand inheritance, tradition, diversification), company structure (centralized vs. decentralized), company philosophy (corporate pride, beliefs & values), strategy (promote across products, associate with premium products, gain customer loyalty, market leadership, etc.), market structure (homogenous vs. fragmented), segmentation (different positioning, different
benefits) and product range (in terms of product variety, quality and competing products). Thereafter, they suggested various linkages between brand structures and the determinants. For example, centralization is associated with corporate branding, while stand-alone product brands are associated with decentralization. Corporate branding fits homogenous markets, whereas individual brands suit multiple markets. Corporate branding is associated with limited product range; while individual brands suit large product portfolios.

Rajagopal and Sanchez (2004)

According to Rajagopal and Sanchez (2004) the brand architecture of a company is often the outcome of a host of factors – legacy of past business decisions as well as competitive realities in the market place. Specifically, the factors that determine brand architecture would include “brand baggage” from the firm’s history, product-market characteristics (whether homogenous or heterogeneous), company’s administrative heritage/organization structure and growth strategy (organic growth, merger, acquisition, strategic alliance), corporate identity and image, diversity in the company’s product lines and product divisions.

Research Gap 2:
Different sources list different sets of factors that determine the brand architecture of a company in different contexts, and explain their influence accordingly. Thus, there is need for an appropriate list of factors that determine the brand architecture of a business, especially from the Indian perspective, because the earlier studies have been from the perspective of multinational companies operating across countries and continents. In many instances, it would appear that brand architecture is the same across competitors operating in a given product category or industry, which would suggest that brand architecture types
are industry-specific. But this is not so always. Therefore, there is need for a comprehensive analysis of the determinants of brand architecture, through a thorough study of Indian examples.

1.2.3 Association between Brand Concept and Brand Architecture

Building on an analysis of existing literature, Strebinger (2004) proposed an exploratory framework called BASE (Brand Architecture Strategy Explorer) for identifying the optimal brand architecture strategy primarily by integrating the theory of strategic brand concepts and typologies of brand architecture.

Four strategic brand concepts are considered by Strebinger (2004). Three of these – functional, experiential and symbolic – are those identified by Park et al (1986) as part of their Brand Concept Management (BCM) framework for selecting, implementing and controlling brand image to enhance market performance. To these, Strebinger added a fourth one – relational. The four brand concepts are explained in brief below.

1. **Functional Brand Concept** promises intrinsic advantages of product consumption through technical superiority, higher durability, reliability or just good value for money.

2. **Experiential Brand Concept** relates to sensual experience of the product through the five senses. This is about what it feels like to use the product, which can correspond to both product-related and non-product related attributes and includes sensory pleasure (hedonism), variety and cognitive stimulation.

3. **Symbolic Brand Concept** emphasizes non-product related extrinsic advantages of the product, which enable the buyer to express personality, values and status, and thus enhance out-directed self-esteem (prestige) and social self-presentation.
4. **Relational Brand Concept** tries to evoke an emotional attachment with the brand by imparting a sense of familiarity with the brand, based on sympathy and trust.

It is important to note that the strategic brand concepts are not linked to specific product categories. Functional, experiential, symbolic or relational concepts can be applied to most products. Further, most real brands do not correspond to one "pure" form, but are a mixture of two or more of these concepts.

Strebinger (2004) also identifies five standard types of brand architecture from which to select:

1. **Corporate Brand Strategy** (C-branding), which adopts a uniform brand (i.e., the corporate name) for all product categories and target groups.
2. **Product Brand Strategy** (P-branding), wherein each product category of the company has an independent brand name.
3. **Target Group Brand Strategy** (T-branding), where the company offers multiple products to each target group with a separate brand name.
4. **Product And Target-Group Specific Brand Strategy** (PT-branding), where each combination of product category and target group is given a distinct brand name.
5. **Brand Family Strategy** (F-branding), where the company adopts a hierarchical brand structure, with a common endorser (most often a company brand) and several endorsed brands or sub-brands (i.e., individual product brands) with their own personalities.

**Figure 1.3** presents a diagrammatic representation of the five brand architecture typologies. The linkages proposed by BASE between brand concepts and brand architecture strategies are shown in **Figure 1.4**, and the explanation thereof is provided in the paragraphs below.
BASE proposes that companies with a product portfolio having primarily functional and relational positioning or a combination of the two would benefit from a C-branding strategy (e.g., companies in the technology field such as Panasonic, General Electric and IBM), as these concepts do not lead to any incompatibilities among the various products offered or the target groups served. Thus, in C-branding, a wide product range is encompassed by one brand, including unusual extensions, provided there are no incompatibilities of a symbolic or experiential nature.

If a company’s product range straddles across various symbolic traits, BASE recommends a T-branding strategy. For example, luxury brands like Gucci, Cartier, Louis Vuitton and Giorgio Armani successfully unite a wide variety of products under one brand, as the image of the typical brand users and the benefit desired by the target group are uniform. The key requirement is that the brand should not mix up different target groups.

BASE recommends a P-branding strategy when a company has a range of products with different experiential characteristics. If a company’s product range includes different combinations of symbolic and experiential brand concepts (e.g., Dom Perignon champagne), it should resort to PT-branding. This is the most separative and costliest form of brand architecture, because a separate brand would have to be offered in each product/product-category for every target segment.

Combinations of experiential and relational brand concepts, symbolic and functional concepts, and mixtures which contain three or all four of the brand concepts would benefit by F-branding. Where there are large markets with a
high degree of product and target group heterogeneity, it would be worthwhile complementing an abstract C-brand with specific sub-brands at product or target group level, thus leading to F-branding. If the functional or relational concept is more dominant, the C-brand would be in the driver’s seat. On the other hand, if the experiential or symbolic concept is more important, the P or T brand would be at the front end, with the C-brand playing the role of a tacit endorser.

Thus, by linking five brand architecture strategies with the strategic brand concept model, the Brand Architecture Strategy Explorer (BASE) proposes standard brand architecture strategies for various strategic brand concepts. This is proposed as an explorative model that can assist in making strategic brand architecture decisions within the framework of its limitations. An important limitation is that many companies have a mixture of functional, experiential, symbolic and relational offerings; and a brand architecture that has developed over time may not follow the pattern suggested by BASE.

**Research Gap 3:**

The BASE framework has been proposed based on anecdotal evidence. Prima facie, it appears plausible. However, there are also many examples where competing brands in the same product category have different brand concepts, but follow the same brand architecture. Also, many brands cannot be clearly classified as being based mainly on one brand concept, but could come across as being mixed. Therefore, there is a clear need for exploring the BASE framework based on a study of numerous examples from diverse product categories, and that too in the Indian context.
1.3 Objectives of the Research

Going by the motivation for the research, the literature survey and the gaps identified, objectives of the research are documented as follows:

1. To make a systematic compilation 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.

1.4 Research Methodology and Sources of Data

1.4.1 Sources for Identifying the Brands and Companies to be Included in the Research

Nielsen has been conducting an annual survey of India’s Most Trusted Brands since 2001, which is published by the Brand Equity Supplement of the Economic Times. This survey ranks the brands based on respondents’ rating on quality, value for money, recommendation and understanding of consumer need.
Among the top 100 most trusted brands of 2003, 67 continued to be on the list even in 2014. The survey encompasses brands across all consumer product and service categories. The sampling frame covers representative metro, tier I and tier II cities in all four regions of the country, and includes respondents of varied income and age categories. The brands that emerge as the leading ones in this survey are those that reach out to a wide cross section of people, and are truly representative of consumer product and service brands that are marketed in India. The Nielsen Most Trusted Brands Surveys of 2013 and 2014 (Nielsen, 2013 and Nielsen, 2014) are therefore used as the primary sources for identifying brands and companies included in the research.

1.4.2 Objective-wise Research Methodology

The research methodology is delineated below separately for the four research objectives:

1. **Compilation of brand architecture types prevalent in India, their relative frequency and situations in which they are used.**

2. **Important factors influencing brand architecture and the way they have influenced the same.**

The brand architectures of consumer product companies operating in India were studied, with a focus on those engaged in the business of fast moving consumer goods (FMCG products). A total of 55 leading FMCG companies operating in India were identified from the Most Trusted Brands Surveys referred to earlier. Information was compiled on 722 first-level customer-facing brands (not including sub-brands) offered by these 55 companies in well-structured tabulations. The relevant information was gathered from company websites, advertisements, news items, product packages, etc. The 722 brands are estimated to account for around 80% of sales (by value) considering FMCG manufacturing companies operating in India at the national level.
The brands were classified into three main brand architecture categories (product-dominant, dual and corporate-dominant). The factors influencing brand architecture were identified and analyzed based on content analysis of available sources and existing literature on the subject.

3. Association between brand architecture and brand concept

Exploration Based on Primary Survey:

The objective was to check out the association between brand architecture and brand concept as proposed by Strebinger (2004). The units of study were 100 fast moving consumer product brands, spread across the following product types: (1) soaps & personal wash; (2) other personal care; (3) over-the-counter healthcare; (4) fabric care; (5) other household care; (6) chocolates & confectionery; (7) beverages; and (8) other food products. As mentioned earlier, the primary sources for the brands included in the study were the Nielsen Most Trusted Brands Surveys of 2013 and 2014.

Information available from company websites, products & product packages and marketing communications (mainly television, print and outdoor advertisements) were used to classify each of the 100 brands into one of three brand architecture categories (product-dominant, dual and corporate-dominant). Classification of brands on the brand concept dimension (functional, experiential and symbolic; relational was considered as part of experiential) was done based on consumer perception by carrying out a primary survey. The survey was conducted among urban middle class/upper middle class educated Indian youth comprising a cosmopolitan mix.

Each respondent was given a list of brands and requested to identify those which he/she was most familiar with. The respondent was then required to associate each of the identified brands with one of three statements, which would help in categorizing the brand as functional (F), symbolic (S) or experiential (E). An
intuitive method was used to categorize each brand as being positioned predominantly on one or more of the brand concepts, based on the pattern of feedback received from consumers.

Thereafter, association between brand architecture and brand concept was examined judgmentally with the help of a percentage matrix, to test the exploratory framework suggested by Strebinger (2004).

Exploration Based on Expert Opinion:

This was very similar to exploration based on primary survey described above. However, in this module, the brand concept was decided based on the opinions of two marketing experts. This served as an alternative approach, as a cross check on the results obtained based on consumer survey.

The objective was primarily to examine if there is a linkage/association between branding strategy and brand concept, and not to establish a cause-effect relationship between the two.

4. Conceptual framework incorporating the principal determinants of brand architecture, for designing and managing the brand architecture of a consumer products company

The first three research modules identified the principal brand architecture types, the important factors influencing the brand architecture of consumer product companies operating in India, and linkages between brand architecture and brand concepts. These, together with inputs from literature review, were put together to propose a conceptual framework to explain what determines the brand architecture in a given context, thus providing guidance for designing and managing the brand architecture of a consumer products company.
1.5 Report Structure and Chapterization

This thesis comprises seven chapters. This chapter (i.e., Chapter 1) has explained the context, motivation, objectives and methodology of the research. Detailed literature review is presented in Chapter 2.

Chapter 3 is a preparatory chapter which identifies the companies whose brands would be used for addressing Research Objectives 1 and 2 outlined earlier above.

Chapter 4 addresses Objective 1 and provides comprehensive analysis of the brand architecture types prevalent in the fast moving consumer goods sector in India. Annexures 1 to 55 provide a listing and tabulation of brands considered for analysis in this part of the study. Summary tabulations and cross-tabulations are provided at the end of the chapter, which help in carrying out basic analyses regarding brand architecture types, and the frequency and context of their occurrence.

Chapters 5 and 6 cover an independent topic altogether, and are not in continuation of the immediately preceding chapters. They address Objective 3 referred to earlier. These chapters present an empirical exploration of Strebinger’s (2004) Brand Architecture Strategy Explorer framework based on two different approaches. In Chapter 5, the brand concepts are decided based on consumer responses, whereas in Chapter 6, the brand concepts are decided by the opinion of marketing experts. The overall conclusions based on results from the two approaches are delineated at the end of this chapter.

The last chapter, i.e., Chapter 7, addresses Objectives 2 and 4. A detailed treatise on the factors that influence brand architecture is presented here. This
draws upon data from Chapter 4 and also inferences from the works of earlier researchers on the subject (Chapter 2). The chapter concludes with the outlining of a conceptual framework regarding the determinants of brand architecture and the basic principles for designing and managing the brand architecture of a company.
Figure 1.1
Branding Strategies Based on Positioning Alternatives

Source: Adapted from “Strategic Brand Management” by Jean-Noël Kapferer, Kogan Page, First South Asian Edition, 2000, p. 189
Figure 1.2
Brand Relationship Spectrum

Source: Adapted from “Brand Portfolio Strategy” by David Aaker, Free Press, New York, 2004, p. 48
Figure 1.3
Brand Architecture Strategies

Source: Strebinger (2004)
Figure 1.4
BASE - Linking Strategic Brand Concepts to Brand Architecture Strategy

Source: Strebinger (2004)