# BRAND ARCHITECTURE

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Brand architecture

- Brand architecture *is the way a company organize , manage and go to market with brands.*

- It acts as the external face of our business strategy.

- To work effectively, the architecture must be well defined, reflect a clear understanding of the market and the brand strategies of our competitors, and align and support our business goals and objectives.

Brand architecture

- While there are many different models of designing brand architecture, we will look at two approaches:
  - **House of Brands, and**
  - **Branded House**

Brand Architecture - Types

Branded House

House of Brands

Hybrid
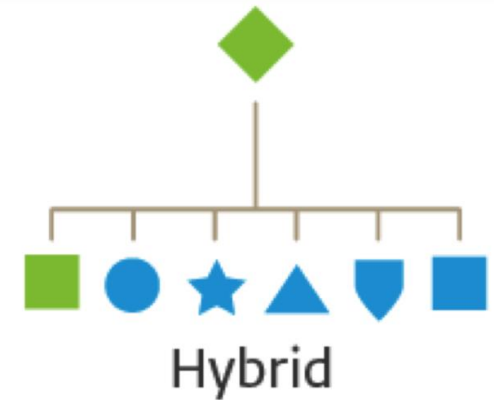
House of Brands strategy

- Most consumer product brands use the House of Brands strategy. That is, **the product itself is the primary brand rather than the company.**

- Take for example the following products: Pantene, Duracell, Nespresso, Dettol. Most consumers would have trouble identifying them with companies that actually own them (Procter and Gamble, Nestle, Rekitt & Benkiser).

- In a House of Brands model, individual products or companies can focus on what they each do best without limiting the broader group's businesses growth trajectory.

- This opportunity for flexibility is a large part of the reason why a house of brands model may be adopted.

House of Brands: Examples

- **Unilever**
- **P&G**
- **Mars**

- The risk here can be **brand confusion**.

- Brands that try to cast too wide a net risk ending **up without a loyal following** in any market or demographic.

- Another risk is budget – organisations using a House of Brands structure will **need to invest in building many brands**, instead of being able to consolidate investment behind one master brand.

Branded House strategy

- A Branded House is **where the company brand (or a main overarching brand) becomes the dominant source of identification** and meaning.

- ING Group is an example of a Branded House approach. In Australia, ING offers banking, and is known as ING Direct. Their range of finance and every day banking options are not given individual product brands- hey have descriptors such as ING Orange Everyday, ING Business Optimiser, ING Living Super and ING home loans.

- In this example, ING serves as the sole brand, and **the product names serve as descriptors, secondary to the master**, or house brand.

- FedEx is one example of branded house. FedEx Express, Ground, Freight are all examples of sub-brands within the corporation.

- Each brand extension is clearly FedEx first before any other sub-brand, as demonstrated by the logos here.

- FedEx is always in large font, with the name of the sub-brand underneath in smaller text.

- Apple has several products; however, the iPhone, MacBook, and iPad never differentiate from their master-brand. Apple keeps its branding running through all of its sub-brands. Note Apple's logo located on the back of all the products.

- Brands don't have to choose just one strategy. Many examples of Branded House and House of Brands use the one strategy (e.g. P&G, Nestle). However, more commonly, companies and **brands use a mix of strategies with different roles for different types of brand extensions**.

A Hybrid Model

- This endorsement allows the brands to seem more credible, while the parent brand remains distant enough to reduce the risk to its image.

- This allows the sub-brand to retain its own specialty within its section of the market, while also demonstrating the parent brands' breadth of expertise.

Hybrid Model: Examples

- **Coca Cola**
- **Pepsi**

Managerial Implications: Choosing the appropriate Brand Architecture

- When choosing between a Branded House and a House of Brands (and everything in between) factors to take into consideration:

  - First, ***building multiple brands is very resource intensive.*** It takes time, money and energy to build a brand.

  - Concentrating all resources into a singular brand can sometimes be the best course of action.

- Your ***target audience also needs to be taken into account.*** It can be very hard for certain brands to move from one market to another. This becomes a brand stretch issue i.e. how far can the brand stretch?

– Consumers may be confused or even hostile to what they perceive as an unwarranted move into foreign market territory.

– Additionally, **moving into lower value or higher risk markets may cheapen perceptions of your brand** and begin to reduce its value and credibility. Creating a new brand can help that transition.

– A House of Brands can be an effective **mitigation strategy.**

- A recent case in this regard is the Mars bar product recall throughout Europe. When a number of Mars bars were found to contain plastic in Germany, and hundreds of thousands of the product were recalled, there was an understandable drop in sales. However M&Ms, Skittles and many other Mars produced products remained unscathed. This was due to the minimal brand association between Mars and these other brands.

- **Corporate branding** refers to the practice of promoting the **brand** name of a **corporate** entity, as opposed to specific products or services.

- The activities and thinking that go into **corporate branding** are different from product and service **branding** because the scope of a **corporate brand** is typically much broader.

The Corporate Brand Myth

Corporate Brand

- Corporate branding affects multiple stakeholders (e.g., employees, investors) and impacts many aspects of companies such as:

  - the evaluation of their product and services,

  - corporate identity and culture,

  - sponsorship,

  - employment applications,

  - brand extensions

- Corporate branding is not limited to a specific mark or name. Branding can incorporate multiple touch-points. These touch points include; logo, customer service, treatment and training of employees, packaging, advertising, stationery, and quality of products and services.

- Identify five brands in each category with names of products under brand names (search in library – magazines & newspapers):
  - **Branded House strategy**
  - **House of Brands strategy**
  - **Hybrid strategy**