E CONTENT FOR MBA- MARKETING (SEM IV) STUDENTS

BRAND ARCHITECTURE

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What Is Brand Architecture?

Brand Architecture is the structure of brands within an organisational identity The short version is that a brand's architecture is a way of organizing the different subsections of a larger brand. It is the way in which the brands in a company portfolio are related to – or differentiated from –one another. The architecture should define the hierarchies within an organisation: how the'parent' or corporate brand works in synergy with the sub-brands; how they support or detract from one another; how the sub-brands reflect or strengthen the strategic objectives of the corporate brand to which they belong. It can help a marketer see how to keep parts of a brand separate when needed, and also how to allow them to work together to boost one another in the marketplace.

Brand architecture defines both the breadth and depth of your brand. Not only does it provide clarity around the organization of your offerings and how they are understood by consumers, but it also influences consumer behavior by maximizing the transfer of equity between your brands and sub-brands. If a customer has an existing relationship or positive association with a master brand, for example, they are much more likely to try one of its sub-brands.

Brand architecture has long been regarded as a static fixture, clearly categorised, with fairly low priority given to proactive management despite the fact that the brand architecture of most organisations is always a legacy of past and present, and can often provide an opportunity for significant value creation if managed properly. In addition to this, organisations today navigate far greater complexity in rapidly changing markets; because of this, brand architecture should be fluid and reactive in order to continually leverage maximum value

Types of Brand Architecture

There are four main types of brand architecture: the Branded House, the House of Brands, and the Endorsed Brand and the Hybrid Brand Architecture. Each option comes with its own advantages and disadvantages.

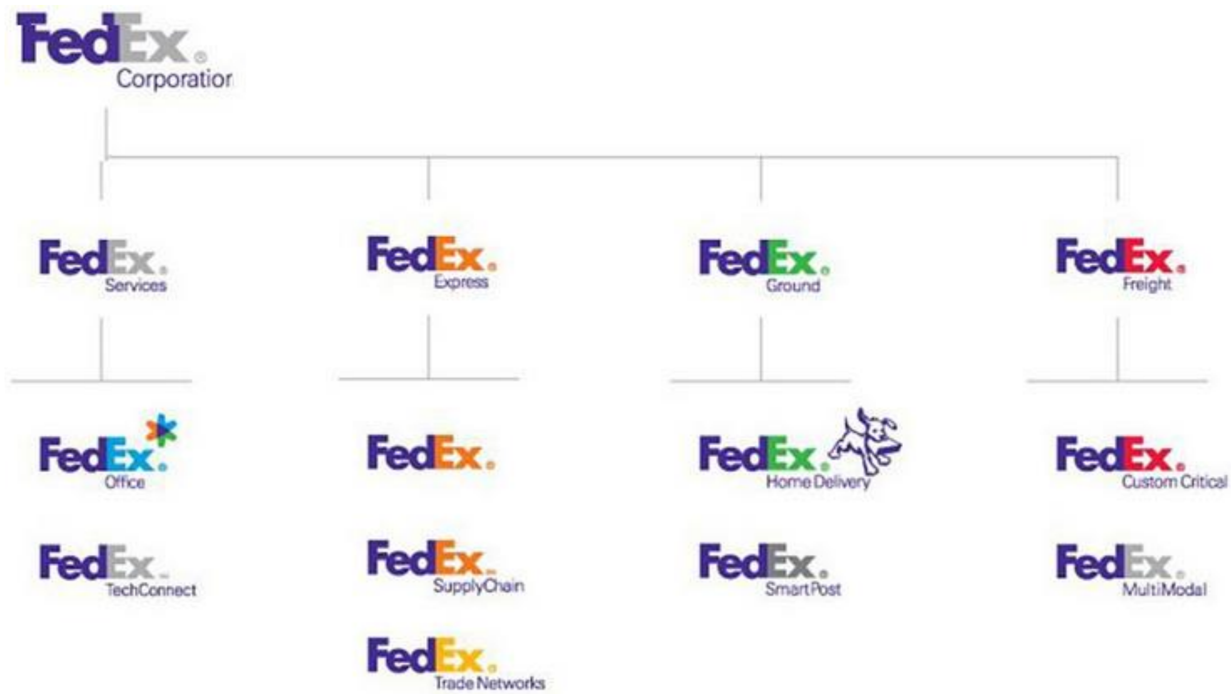
The Branded House

A branded house includes a strong master brand with divisions that feature the master brand name alongside a product or service description. Examples include FedEx and its extensions FedEx Express, FedEx Ground, FedEx Freight, etc. FedEx as an example of The Branded House brand architecture, with their operating companies and portfolio of solutions all falling under the name of the master brand. This structure makes for a consistent experience, minimizes confusion, and builds equity for the corporate brand.

The branded house architecture capitalizes on established customer loyalty where audiences care less about product features or benefits than they do about the central brand promise they know and want (in the case of FedEx, "When it absolutely, positively has to be there overnight").

Additional benefits of the branded house approach include more efficient marketing and advertising spend and positive equity spillover between sub-brands. Of course, spillover can be negative as well. A problem with one sub-brand can wind up being a problem for the entire brand.

Another risk inherent to a branded house strategy is dilution: when a brand is positioned too broadly across multiple service categories, its meaning can become too diffuse.



The House of Brands

A house of brands architecture features a collection of distinct, familiar brands under a parent brand that customers may or may not be aware of. The parent brand is primarily important only to the investment community.

The brand extensions in a house of brands system essentially endorse each other, while the parent brand realizes the benefits. You find this in brands like Proctor & Gamble and its vast array of different branded products across multiple industries.

Products within a house of brands architecture sometimes feature their parent brand's identity on their packaging by way of a small logo or address. Some brands choose not to disclose the relationship at all, because of specific strategies around pricing, perceived quality, or target audiences.

Endorsed Brand Architecture

In an endorsed architecture, there is a parent brand and associated sub-brands, all of which have unique market presences. The sub-brands benefit from their association with, or endorsement from, the parent.

The relationships between the sub-brands within an endorsed architecture are often mutually beneficial, each benefitting from the strength of the other. Examples include Marriott and its various sub-brands across the price spectrum, from the Ritz Carlton to Fairfield Inn.

Another good example of an endorsed brand architecture strategy is the Marvel Universe. Movies like Iron Man, Spider-Man, and Ant-Man, etc. even though have their own identity and market presence in the market, they got more traction just because they were associated with the Marvel Universe.

An endorsed strategy is one where you will find messages like “brought to you by…”. Endorsement limits a business’s reputation risk and offers more positioning alternatives than a house of brands approach,

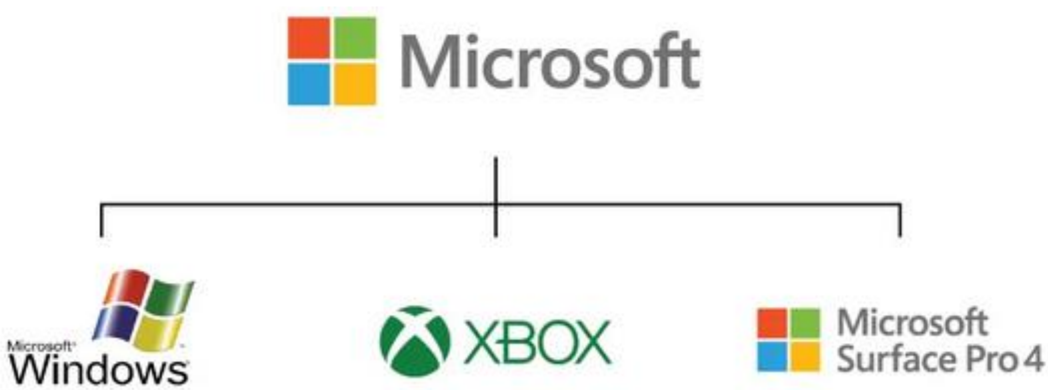
Hybrid Brand Architecture

Finally, a hybrid brand architecture comprises some combination of the above iterations. In the case of Alphabet, Google is allowed to operate in the space it knows best, search and advertising, while smaller brands, like Nest, Sidewalk Labs, and Calico operate as individual companies in their own specialized verticals.

A hybrid model offers the flexibility of having multiple tiers of distinct hierarchies, including varying levels of market-facing brands subservient sub-brands.

Many companies that have adopted the hybrid strategy have done so out of necessity, though. A hybrid architecture is often more of an ad-hoc approach borne from mergers and acquisitions, rather than a proactive brand strategy.

Another perfect example of a corporate brand using a hybrid architecture is Microsoft. The company uses a branded house strategy for its Windows and Office offerings and has a totally different house of brand – Xbox when it comes to gaming and gaming consoles.



The Benefits of a Strong Brand Architecture

As a general rule, if a brand has more than one offerings which have their own identity, developing a brand architecture will have numerous benefits. Following is the list of such benefits of brand architecture –

- **Clarity in the marketplace** – Having well-structured brand architecture increases the clarity of brands offered and their relation with each other. This not only clears many doubts of the internal audience but it also helps in making better decisions to inform the marketplace about what the company's communication strategy originally lacked.
- **Synergy among brands –** Brand architecture lists the relationship between different sub-brands and the master brands which eventually creates a synergy among the offerings and helps the company communicate about combined solutions and how these brands complement each other.(cross selling)
- **Target specific customer segments** – Brand architecture effectively segment the target market and makes it clear what offering serves which segment. This often helps the company in making effective marketing strategies for brands which seem similar.
- **Clarity in positioning and communication** – It's easier to develop positioning and communication strategies for each sub-brand and brand extension if the company has a well-structured brand architecture.
- **Enhance consumer awareness** – Brand architecture requires the company to look with the eyes of the customers. During the brand architecture process, the problems in the present marketing and communication strategies can be pointed out and customers can be made aware of the offerings they didn't know were offered by their favourable brand.
- **Build & enhance brand equity** – Brand architecture also helps the company make strategies to build and enhance the brand equity of its sub-brands. It also lets the organisation lend its corporate brand equity to its offerings.