



02. YOUR BRAND LAUNCH

BRAND ARCHITECTURE STRATEGIES FOR SUSTAINABLE BRAND DEVELOPMENT

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WHY IT MATTERS

Launching a new brand without a strategic growth plan in place is like launching a kayak into a river without a paddle. You will not be able to forge ahead on a deliberate path without something to help guide you. A strategic plan for a Brand Architecture structure can help successfully guide the growth of your company as it expands into a web of brands, either built from the ground up or acquired into your portfolio. Putting a brand architecture structure in place in the early stages of your brand development will help you avoid the following mistakes:

Narrow branding focus: Your branding does not anticipate future directions, and when the time comes to expand, your entire brand platform and brand strategy must be reconsidered. While it may be difficult to predict the growth of your company in these early stages, it is important to avoid trapping yourself in a brand strategy that doesn't allow for future growth.

Mis-branding: Promoting a new product or service under an existing brand that does not have the same target audience and/or speak the same language can confuse customers.

Overlap: Having multiple products under different brand identities that fulfill similar needs can be inefficient for your business and make it difficult to build brand loyalty.

On the following pages, we'll explore the two broad categories of brand architecture options and outline the top three things to consider when formulating your own brand expansion strategy.

STRATEGY OPTION A: HOUSE OF BRANDS

Procter & Gamble, Unilever, Kraft Foods: These are examples of “Houses of Brands” where the parent brand has multiple sub-brands that each have their own unique brand positioning, marketing budgets, and target audiences. For Procter & Gamble, an example of one of their sub brands is COVERGIRL. The general consumer of COVERGIRL probably makes no connection between this brand and its parent company. A glance at their website and packaging doesn't immediately reveal the association between the two companies. You'd have to look close to find the words “Procter & Gamble” hidden within the fine print.

Weighing the Pro's & Con's

- + Allows for market diversification and creation of messaging specific to each brand's target audience.
- + This is an easy option for new brands as it takes less planning at the outset of the initial brand creation.
- Each brand must independently build its reputation which requires extra marketing expenses and individual budgets for each brand.
- Obtaining unique trademarks for each brand can be an additional hurdle and expense.

Case Study: Kraft Foods

Having well over 100 brands under their umbrella, Kraft Foods is in markets around the world (refer to the following page for an image showing a small selection of brands within the Kraft Foods organization). With such a large subset of brands and the need to target consumers in different segments of the market, Kraft's marketing strategy requires different positioning and identity for each brand. For example, Capri Sun, a fruit juice sold in a fun squeezable package targets children ages 4-12, while Maxwell House Coffee targets a completely different audience of adults ages 30+. Separate marketing strategies for each of these brands allows them to have clear, undiluted messaging that connects directly with their unique target consumer.



When to Use:

- Your brands are so dissimilar that they require significantly different marketing strategies
- Parent brand legacy is secondary
- Product offerings are so closely related that having them under the same brand could lead to cannibalism of sales

STRATEGY OPTION B: BRANDED HOUSE

Apple, Intel, FedEx: These are examples of corporations adhering to the Branded House model of brand architecture. In this structure, the brand identity mark of the parent brand is carried through to the sub-brands so that there is a recognized relationship between the two in the marketing efforts.

Weighing the Pro's & Con's

- + This strategy builds brand loyalty over time and makes new product launches more cost effective in terms of marketing efforts because the new product can piggy-back on the success of the parent brand rather than having to build a reputation unto itself. Apple is a great example of this: it almost seems as though they can launch any product and have an immediate fan base, because the brand legacy is automatically attached to it.
- A PR disaster at the parent or sub-brand level could have implications for all brands within the portfolio since the relationship of the sub-brands is so intertwined in the mind of the consumer.
- This strategy has the potential to pigeon hole your business if you want to branch out into different segments.

Case Study: FedEx

What began as an overnight delivery company in 1973, has grown into a \$36 billion/year corporation (source: tinyurl.com/whitepaper-fedex). Having acquired a portfolio of companies over the years that offer services ranging from overnight shipping to freight to print, the company has strategically leveraged its brand legacy of "reliability" by redesigning the logos of its sub-brands to create a Branded House (refer to the image on the following page).

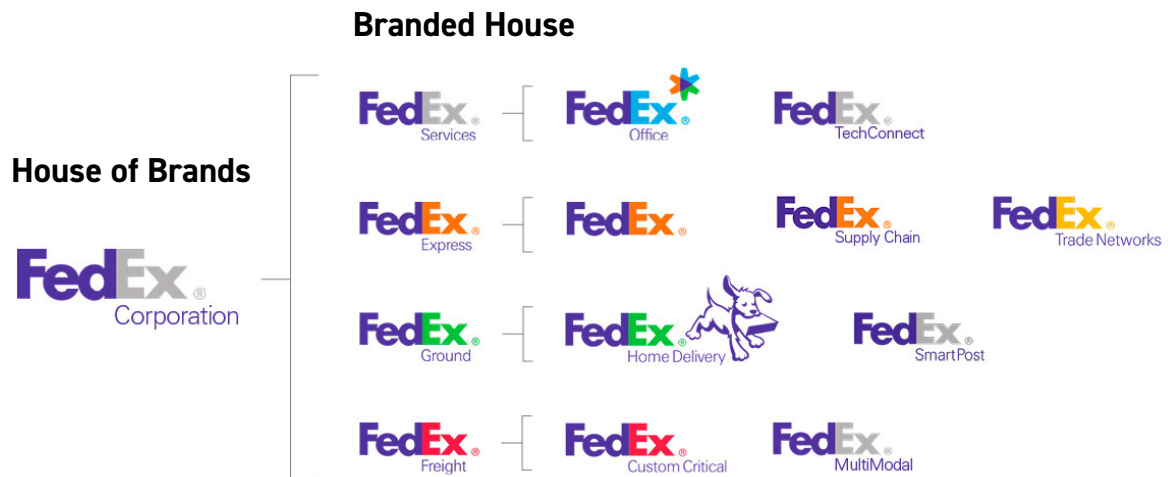


Image Source: tinyurl.com/whitepaper-fedex2

When to Use:

- The brands within your organization can share the same overall brand promise
- The parent brand has a strong legacy that the sub-brands can use to their advantage

TOP 3 CONSIDERATIONS FOR YOUR BRAND ARCHITECTURE STRATEGY

No one would argue that Virgin (a Branded House consisting of ventures within travel, entertainment, health, and business) isn't a financially successful operation, but one can't help but question if their marketing would benefit more from a House of Brands approach as opposed to a Branded House approach. Their rebellious and edgy persona may turn off some audiences when branded on services like their Virgin Health Bank, "a business enabling parents to store their baby's stem cells":

Image Source: tinyurl.com/FINIENBA03



When starting your new venture (or expanding your current one), it is important to consider the long-term vision you have for your company. This can help determine whether a Branded House strategy or House of Brands strategy is right for your business objectives. The following are some items to consider when it comes to deciding between a Branded House vs. House of Brands approach:

1. **Company Naming:** It is important at the outset of your new venture to choose your company name wisely. If you have any inkling that you may want to expand in the future — specifically into a Branded House Approach — you need to ensure that your company name isn't too narrowly focused. This was the issue recently encountered by the Web-based file exchange company YouSendIt. Once the company realized their name was limiting them in terms of future growth potential, they had to go through the expensive task of renaming their business to Hightail and educating their target audience about the change (see image on page 8). Conversely, Fast Company is an example of a brand whose naming strategy expanded seamlessly when they were ready to create a new network



of sub-branded websites in 2009. The additional websites feature content related to innovation in business and technology and are named Co.Design, Co.Exist, and Co.Create. Each site utilizes Co. as a prefix, which is short for “company” as well as “collaborate.” Fast Company was able to differentiate their new websites, while still establishing a clear connection to the larger brand through naming.

- 2. Common Messaging Between Brands:** Does the growth plan for your company include products or services that could share the same overall brand promise for your consumer? Starbucks is carrying a line of snack bars and freeze dried fruits packaged under its subsidiary “Evolution” brand (see image at right). In a smart marketing maneuver, rather than packaging the bars under their own brand, Starbucks leveraged the reputation and brand promise of “freshness and quality” that the well-known juice brand has built over its 20 years in business.



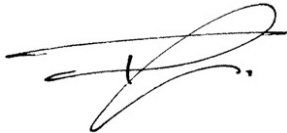
Image Source: tinyurl.com/FINIENBA04

- 3. Number of Companies in Your Portfolio:** While it’s not impossible to have a successful Branded House approach for a company with a vast number of brands, you run the risk of your messaging becoming diluted as your corporation grows. This is where future vision of your company comes into play—if you foresee large growth and corporate acquisitions over the years, a House of Brands approach will provide the most impactful strategy to apply unique messaging to each of your brands. If you foresee the creation or acquisition of new brands to be on the more moderate size, a Branded House approach can lead to a more easy and cost-effective means of introducing new brands into the marketplace.

Corporate structures and relationships among brands can become increasingly complex over time. To help navigate the growth of your new venture, strategic Brand Architecture planning can help to ensure that you end up with a strong Branded House or House of Brands (whichever is right for your particular situation) instead of a disorganized and confusing web of companies. Be sure to bring in the assistance of your branding agency or consultancy who will be able to guide you in everything from company naming conventions to strategic brand identity systems that will have the ability to expand with your company.

Keep this document on-hand when you plan your (next) brand launch and share it with your project team when planning your brand's vision and purpose.

Please share your opinion or own findings with me via fgeyrhalter@finien.com or engage with us to take you there safe and sound. I look forward to hearing from you!



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BUT WAIT, THERE'S MORE

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