

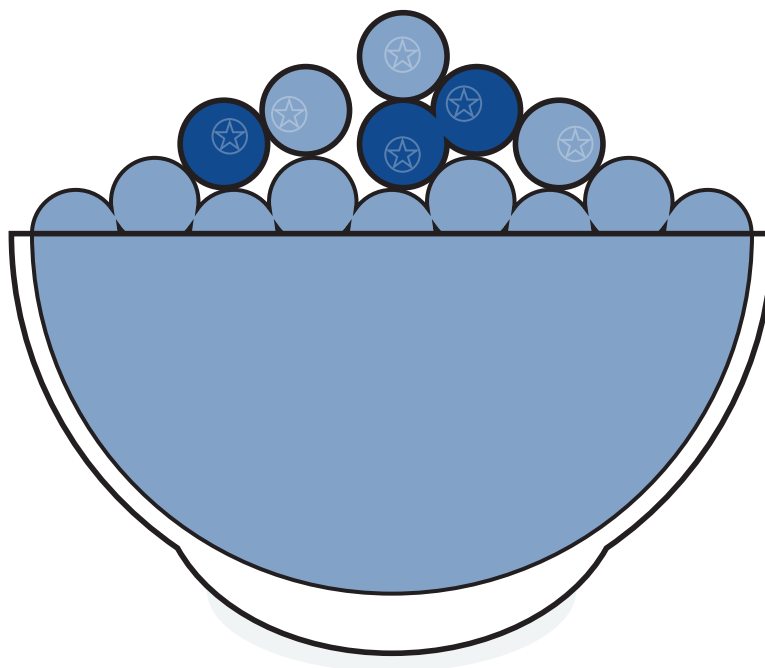
The **Architecture** of **Brand Architecture**

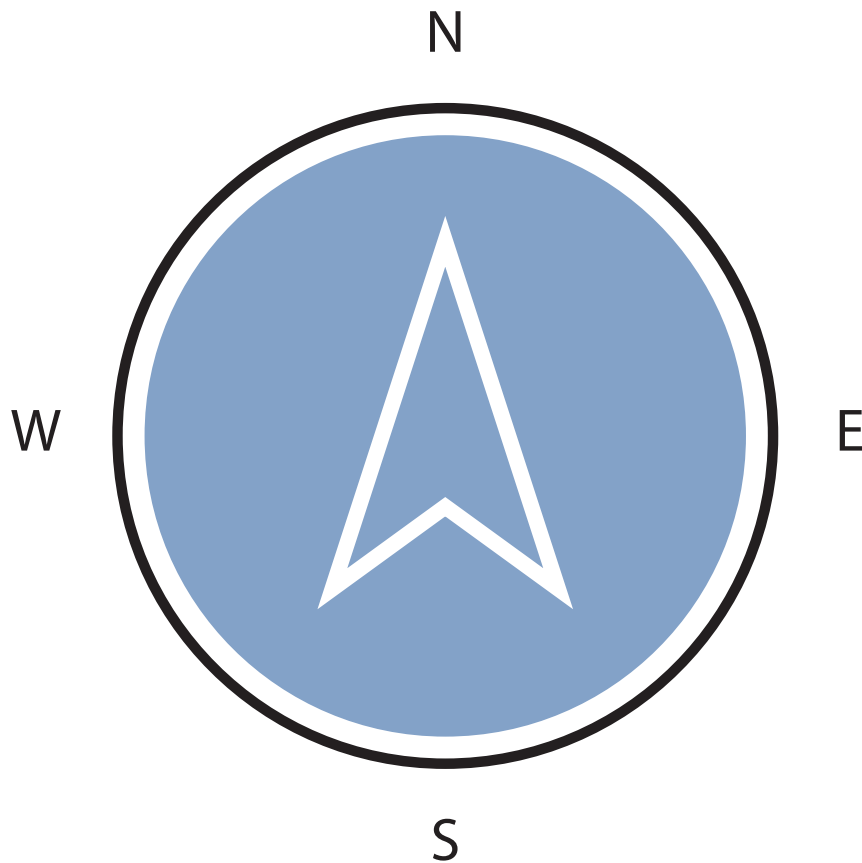
WHY HIGH-TECH, B2B MARKETERS MAY BENEFIT FROM A NON-TRADITIONAL
BRAND ARCHITECTURE STRATEGY.

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Cereal mongers and carmakers have long understood the value of a solid brand architecture. In fact, these B2C industries, at one time, were the standard by which all other commercial entities measured their branding strategy. But branding techniques are not as black and white as they were a generation ago, particularly for the high-tech, B2B marketer. Today's complex marketplace, sophisticated channel marketing, and highly segmented audiences have muddied the waters on long-embraced branding strategies. Yet, these same forces have also increased the necessity of a firm brand structure on which to stretch your corporate skin. **The bottom line is that brand architecture remains an invaluable asset to all businesses, but it must be organized with the appropriate goals in mind. To be effective, businesses must structure their brand architecture to create clarity for the customer, order for the organization, and long-term brand equity as products change.**





THE TRADITIONS OF BRAND ARCHITECTURE

Brand architecture is a widely misunderstood concept. Simply put, your brand architecture is the blueprint for your corporate brand structure. It is a navigational tool designed to guide the consumer and key corporate players by creating a hierarchy for your various brands and by designating the role of each brand, such as master brand, sub-brand, driver brand, descriptor brand, endorsed brand, umbrella brand, etc.

Traditionally, there have been two primary approaches to branding: product-centric branding and corporate-centric branding. For the high-tech, B2B industry, however, these traditional approaches don't make complete sense. Each of these strategies has their place, but there is a growing trend toward a new branding strategy that is a graceful blend of the two. This tiered-branding approach, which is similar to an endorsed brand, is a logical and effective strategy for the high-tech marketplace. In order to fully understand why this new approach works, however, we need to take a quick look at the first two.



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BRANDING YOUR PRODUCTS

Product-centric branding has long been the strategy for the consumer packaged goods industry, and for good reason. In this industry, the goal centers on market share and shelf space. Product branding is benefits-driven and allows for competing products, greater market segmentation, and more shelf space. A single CPG manufacturer can, in essence, be all things to all people if their individual products truly deliver the benefits they promise.

Consider Proctor & Gamble. In the U.S alone, P&G offers 24 product categories and nearly 100 distinct brands ranging from Duracell batteries to Escada perfume. In the Laundry & Fabric Care category, P&G produces six distinct detergents (Cheer, Dreft, Era, Gain, Ivory, and Tide) all competing for consumer attention. Within the Baby & Child Care category, Luvs and Pampers go head-to-head, and they share shelf space with two Pampers sub-brands (Pampers Kandoo, Pampers UnderJams). P&G’s Gillette brand is supported by four sub-brands in the Shaving category (Gillette Fusion, Gillette M3Power, Gillette SatinCare, Gillette Venus) with an additional sub-brand in the Skin Care category (Gillette Complete Skincare). Each of these products projects its own image, speaks a unique brand promise, and appeals to a distinct market segmentation while the parent company remains strictly in the background with little-to-no branding of its own. This approach has allowed P&G to capture significant market share across a vast cross section of the consumer world from air fresheners and hair color to prescription drugs and small appliances.

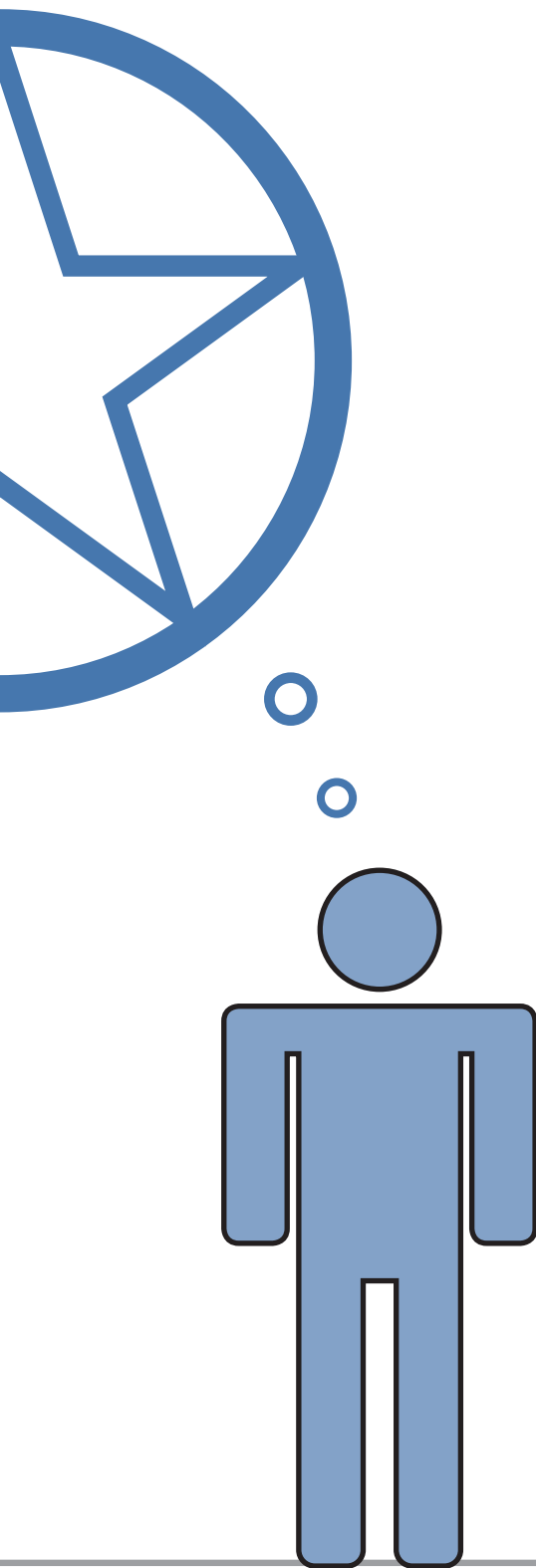
Product-centric branding is the right choice if quick sales are a higher priority than long-term brand equity. However, each product demands focused attention and undiluted cash flow in order to establish and maintain its position on the shelf and in the market. What is more, with the decline of television advertising, each product must also develop a multi-channel marketing approach in order to reach a highly segmented audience. This is not only labor intensive, it is expensive. One must also consider the truth that it takes only one problem with the product itself to spur a mass exodus to the competition.

BRANDING YOUR CORPORATION

Corporate-centric branding is the game plan of, primarily, strong global corporations for whom shelf space is not an issue, but recognition rules the day. Branding your corporation is promise-driven. The organization itself is the primary product. You are branding a way of doing business, or a customer experience, that your audience will come to trust. Here, your tangible products become sub-brands that work to support the larger corporate brand promise. This brand strategy allows for greater product turn over and creates pathways into new markets.

Amazon.com is one of the most successful examples of a corporately branded organization. They entered the marketplace as an online seller of discounted books. In the early days, they promised a worry-free, informative, simple yet trustworthy online shopping experience that provided access to a vast number of books at a fair price. Amazon.com delivered on that promise so well that customers followed them into various unrelated marketplaces without hesitation. Today, Amazon.com has evolved its virtual bookstore into a limitless online marketplace where customers and merchants buy and sell new and used items in nearly every category imaginable from books and electronics to groceries and car parts—all backed by the same Amazon.com promise of that worry-free, informative, simple yet trustworthy online shopping experience.





Corporate branding is meant to create a positive expectation in the minds of customers. It is a long-term investment that won't demonstrate an immediate impact on the bottom line; but if executed correctly, the benefits are noteworthy. Corporate branding is more cost-effective and less labor-intensive than product branding because it allows you to build one powerful, far-reaching brand over time rather than investing in multiple, highly focused brands. A corporate branding strategy allows for rich brand loyalty that can be valuable, particularly if your organization turns over products quickly. This brand loyalty also buys some time and a certain amount of forgiveness from your audience if you lag behind a bit in the tech curve or if you experience some difficulties with a product. This phenomenon is clearly evident in the case of Apple, who has branded their corporation so effectively that their brand loyalty verges on brand obsession. Despite the fact that the iPhone 4 demonstrated immediate flaws upon launch, demand for the phone was undiminished. Consumers flocked to stores, waited in lines, and put their names on lists to purchase the back-logged phones, confident that Apple would right the problem based on their corporate brand promise of innovation.

This branding strategy is not without its hiccups, however. First and foremost, you must be certain that the corporate brand foundation is strong enough to support all the sub-brands and market extensions in your portfolio. This was a risk that Amazon.com could have been vulnerable to if their corporate brand strategy had not been so well executed. If their original brand had been based on the selling of books specifically, then they might currently find themselves diluting this core competency. However, because the original brand promise centered on an overall shopping experience, their brand extended easily across the entire

online shopping marketplace.

A corporate brand strategy also requires that your brand promise be lived out at every level of the organization and across all brand extensions. British Petroleum learned this lesson the hard way in recent months. The traditionally rock solid brand built its reputation on the promises of energy and reliability, and then extended that promise to include environmentally safe new energy sources. In the wake of the massive oil spill in the Gulf of Mexico, BP's new tagline of "Beyond Petroleum" seemed to ring a bit hollow, and the company suffered an estimated \$1 billion loss in brand value, falling off the list of the world's top 100 brands for the first time in 11 years.



A NEW BRANDING TREND

Today, there is a third branding strategy gaining traction in the market that is something of a hybrid of product-centric and corporate-centric branding. This tiered-brand architecture takes advantage of a strong corporate brand, but shifts the messaging away from a commodity-based offering and highlights a value offering.

A tiered brand architecture is similar to an endorsed brand, but it is solutions-driven rather than benefits- or promise-driven. In a traditional endorsed brand, a strong master brand is linked to a smaller product sub-brand in order to legitimize that product. A tiered brand strategy utilizes the same structure, but with a subtle difference. The corporate brand plays a primary role and is guided by the same promise-focused messaging found in a straightforward corporate-centric strategy. However, this corporate brand is not linked to an individual product brand, but rather is teamed with a broader umbrella brand representing bundled products that work together to meet specific needs in a market segment. Microsoft Office is a perfect example of a successful tiered brand. Microsoft has a solid corporate brand position as a market leader that can be trusted. The Office umbrella brand represents various individual software solutions that meet specific business needs. None of those individual products, however, receives a high level of independent branding. They are all bundled under the Office brand.

A tiered brand also bears another nuance that distinguishes it from an endorsed brand. In an endorsed brand, the master brand does most of the heavy lifting in order to bolster the weaker sub-brand. In a tiered brand, the two elements of the brand mutually serve one another. As with Microsoft Office, the corporate brand gives credence to the umbrella brand while the umbrella brand demonstrates the reach and understanding of the corporate brand when it comes to the needs of a particular business segment.

For the high-tech, B2B marketer, the tiered brand architecture is a good fit. This strategy builds brand loyalty similar to a corporate brand architecture and drives sales similar to a product brand architecture. Ultimately, a tiered brand strategy builds relationships with customers. Customers come to trust the corporate way-of-doing-business brand and rely on the solutions-based umbrella brand to meet their broader business needs.

A tiered brand architecture also allows for the quick evolution of most high-tech products. Because the product itself requires little branding, it can be upgraded, replaced, or eliminated altogether under the umbrella with little change to the overall brand. The market silo remains the same; the products are simply rebundled to maintain the relevancy and value of the offering.

This branding strategy also allows high-tech, B2B organizations to quickly and more easily take advantage of opportunities in new or emerging market segments. IBM was able to quickly establish itself as a market force in the early days of the dot com boom with the announcement of IBM e-Business. At the time, the IBM corporate brand was respected but viewed as lagging a bit behind the tech curve. Their early adoption of this new market coupled with a tiered branding approach helped to reinforce the value of both the corporate and the umbrella brand. The endorsement by the IBM corporate brand gave legitimacy to the e-Business extension while the e-Business umbrella demonstrated the evolution and relevancy of the established corporate brand.



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From a cost perspective, a tiered branding approach gives a high-tech, B2B company greater flexibility. Of course, marketing dollars must still be allocated to maintaining the established corporate brand, but this strategy allows more of the budget to be focused on larger market segmentations rather than spread thin over individual product brands. This allows you to focus your messaging on the value, experience, and insight you bring to broader market silos. In turn, this will reinforce the value, experience, and insight you bring to your customers.

FINAL THOUGHTS

Brand architecture is a complex yet essential element of any organization. In order for it to be effective, you must be clear about the overall objectives of your brand portfolio. Each of the brand architectures has its pros, its cons, and its place. For the high-tech, B2B marketer, however, a tiered brand architecture combines the benefits of a product-centric and a corporate-centric architecture in order to build strong relationships with your customers that will lead to unwavering brand loyalty.

ABOUT THE BASIS GROUP

Founded in 2000, The Basis Group, Longmont, Colorado, is a marketing and brand development agency servicing the high-tech, business-to-business market. TBG has developed a proprietary branding methodology that begins by objectively defining key branding factors that act as the foundation for all organizational branding activities. TBG has successfully served such organizations as CVS/Caremark, AFS, Digital Globe, Genesys Conferencing, CS Stars, TrapTek and Premiere Systems.

CONTACT TBG

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