
The Brand Relationship Spectrum:

THE KEY TO THE BRAND

ARCHITECTURE CHALLENGE

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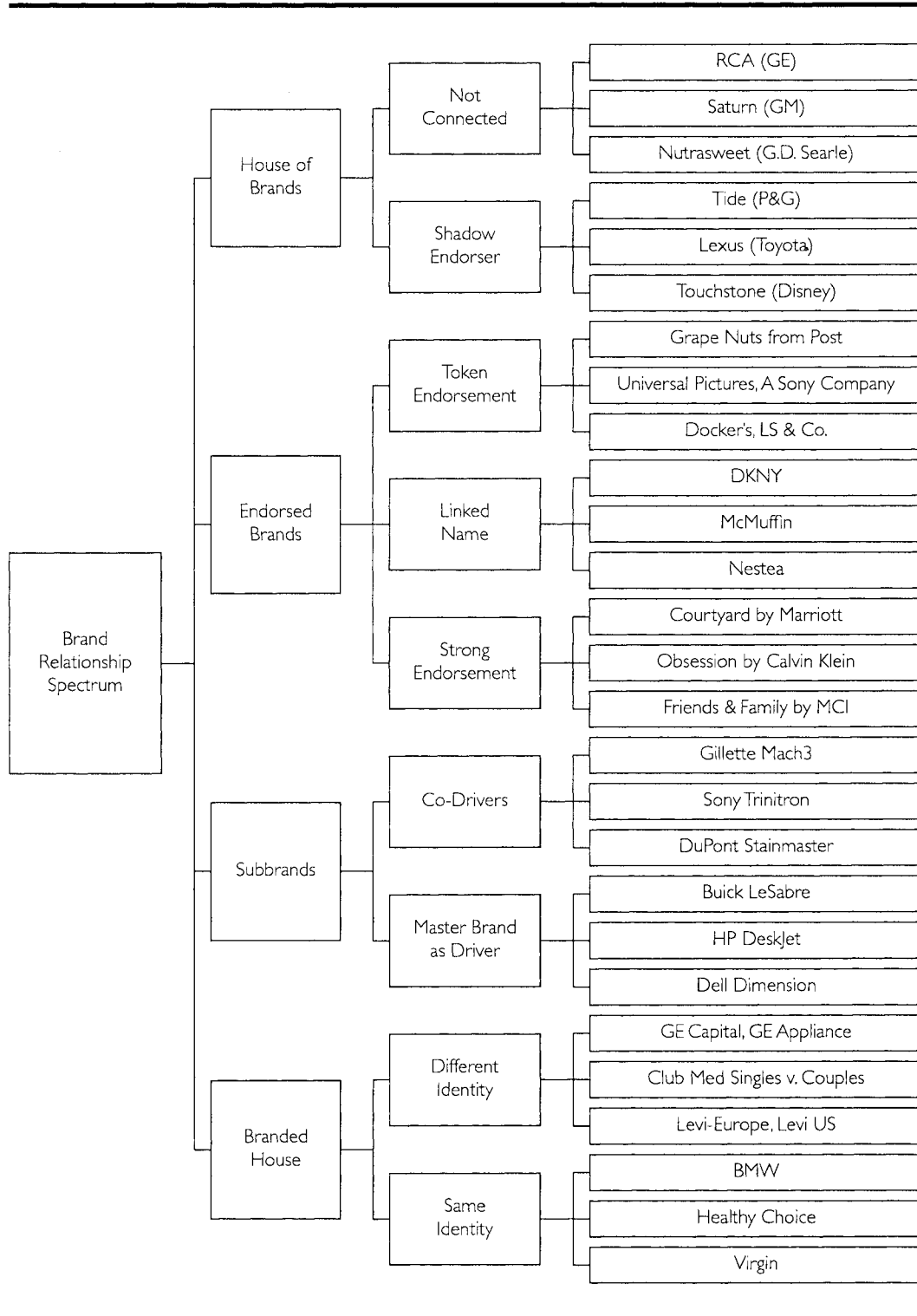
The classic brand manager dealt with simple brand structures with few extensions, subbrands, and endorsed brands in part because he or she was faced with a relatively simple environment and simple business strategies. Today the situation is far different. The brand managers now face market fragmentation, channel dynamics, global realities, and business environments that have drastically changed their task. In addition, there is pressure to leverage brand assets in part because of the prohibitive cost of creating new brands.

To cope with these pressures and complexities, brand managers have had to create and manage brand teams that are often intricate and complex, involving multiple brands, aggressive brand extensions, and complex structures involving subbrands and endorsed brands. This set of challenges has created a new discipline that can be labeled “brand architecture” because it deals with relationships and structures not unlike those facing an architect who must design the structure and layout of rooms, buildings, and cities. A coherent brand architecture can lead to impact, clarity, synergy, and leverage rather than market weakness, confusion, waste, and missed opportunities.

Brand architecture is an organizing structure of the brand portfolio that specifies brand roles and the nature of relationships between brands. This article introduces a powerful brand architecture tool, the *brand relationship spectrum* (portrayed in Figure 1). It is intended to help brand architecture strategists to employ, with insight and subtlety, subbrands and endorsed brands. Subbrands

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FIGURE I. Brand Relationship Spectrum



and endorsed brands can play a key role in creating a coherent and effective brand architecture. In particular, they provide tools to:

- allow brands to stretch across products and markets,
- address conflicting brand strategy needs,
- conserve brand-building resources in part by leveraging existing brand equity,
- protect brands from being diluted by over-stretching, and
- signal that an offering is new and different.

Without subbrands and endorsed brands the choice of a new offering would be limited largely to either building a new brand (an expensive and difficult proposition) or extending an existing brand (and thereby risking image dilution). Their application can make a brand architecture work in a complex environment.

The brand relationship spectrum, as suggested by the figure, is related to the driver role that brands play. The driver role reflects the degree to which a brand drives the purchase decision and use experience. When a person is asked, “What brand did you buy (or use)?” the answer they give will be the brand that had primary driver role responsibility for the decision. At the top, in the house of brands, each brand has its own driver role. With an endorsed brand, the endorser usually plays a relatively minor driver role. With subbrands, the master brand shares the driver role with subbrands. At the bottom, in the branded house, the master brand generally has the driver role and any descriptive sub-brand has little or no driver responsibility.

The brand relationship spectrum recognizes that these options define a continuum that involves four basic strategies and nine substrategies. The position on the spectrum reflects the degree to which brands (e.g., two master brands, the master brand and the subbrand, or the endorser brand and the endorsed brand) are separated in strategy execution and, ultimately, in the customer’s minds. To design effective brand strategies, one must understand the each of these four strategies and nine substrategies.

A House of Brands

The contrast between a branded house and a house of brands vividly describes the two extremes of alternative brand architectures. A branded house uses a single master brand to span a set of offerings that operate with only descriptive subbrands. For example, Caterpillar, Virgin, Sony, Nike, Kodak, and Healthy Choice operate a large number of products under the master brand using this “branded house strategy.”

The house of brands strategy, in contrast, involves an independent set of stand-alone brands, each maximizing the impact on a market. As Virgin is a branded house, Procter & Gamble is a house of brands that operates over 80

major brands, largely with little link to P&G or to each other. In doing so, P&G sacrifices the economies of scale and synergies that come with leveraging a brand across multiple businesses. In addition, those brands that cannot support investment themselves (especially the third or fourth P&G entry in a category) risk stagnation and decline, and P&G sacrifices brand leverage in that the individual brands tend to have a narrow range.

The house of brands strategy, however, allows firms to clearly position brands on functional benefits and to dominate niche segments. Compromises do not have to be made in the positioning of a given brand to accommodate its use in other product-market contexts; instead, the brand connects directly to the niche customer with a targeted value proposition.

P&G's brand strategy in the hair care category illustrates the house of brands strategy. Head and Shoulders dominates the dandruff control shampoo category. Pert Plus targets the market for a combined conditioner and shampoo product. Pantene ("for hair so healthy it shines"), a brand with a technological heritage, focuses on the segment concerned with enhancing hair vitality. The total impact of these three brands would be lessened if—instead of three distinct brands—they were restricted to the brand "P&G shampoo" or even were branded as P&G Dandruff Control, P&G Combo, and P&G Healthy Hair. P&G detergents are similarly well positioned to serve niche markets: Tide (tough cleaning jobs), Cheer (all-temperature), Bold (with fabric softener), and Dash (concentrated powder) provide sets of focused value propositions that could not be achieved by a single P&G detergent brand.

Targeting niche markets with functional benefit positions is not the only reason for using a house of brands strategy. Additional reasons include the following:

- *Avoiding a brand association that would be incompatible with an offering*—The Budweiser association with beer taste would prevent the success of Budweiser Cola. Likewise, Volkswagen would adversely affect the images of Porsche and Audi if the brands were linked.
- *Signaling breakthrough advantages of new offerings*—Toyota's decision to introduce its luxury car under the separate Lexus name differentiated it from any predecessors at Toyota. Similarly, GM decided to create the Saturn brand with no connection to any existing GM nameplate so that the Saturn message, "a different kind of company, a different kind of car," would not be diluted.
- *Owning a new product class association by using a powerful name that reflects a key benefit*—Examples are Gleem toothpaste and the Reach toothbrush.
- *Avoiding or minimizing channel conflict*—L'Oreal reserves the Lancôme brand for department and specialty stores that would not support a brand available in drug and discount stores. When unconnected brands are sold through competing channels, conflict is usually a not an issue.

Shadow Endorser

A shadow endorser brand is not connected visibly to the endorsed brand, but many consumers know about the link. This subcategory in the house of brands strategy provides some of the advantages of having a known organization backing the brand, while minimizing any association contamination. The fact that the brands are not visibly linked makes a statement about each brand, even when the link is discovered. It communicates that the organization realizes that the shadow-endorsed brand represents a totally different product and market segment.

A good example of a shadow brand is Lettuce Entertain You, a Chicago-based restaurant group that has rolled out some 39-restaurant concepts. Each restaurant, from Shaw's Crab House to Tucci Benucch, has its own image, personality, style, and brand name. Even though there was, for many years, no visible suggestion that these restaurants were connected, many patrons (and hotel concierges) did "discover" through word-of-mouth and public relations the connection and in fact looked forward to new restaurant concepts. Other examples are Lexus (Toyota), DeWalt (Black & Decker), Mates/Storm (Virgin), Banana Republic/Old Navy (GAP), Saturn (GM), Dockers (Levi-Strauss), Mountain Dew (Pepsi), and Touchstone (Disney). In each case, the shadow endorser has a minimal impact on the image of the brand but provides credibility and helps in many segments.

Endorsed Brands

In the house of brands strategy, the brands are independent. Endorsed brands (such as Simply Home from Campbell's, or Polo Jeans by Ralph Lauren) are still independent, but they are also endorsed by another brand, usually an organizational brand. An endorsement by an established brand provides credibility and substance to the offering and usually plays only a minor driver role. The Marriott endorsement of Courtyard means that the Marriott organization affirms that Courtyard will deliver on its brand promise (which is very different from that of Marriott hotels).

A study of confectionery brands in the UK suggests that endorsers pay off.¹ The study involved nine confectionery offerings each of which was endorsed by one of six corporate endorsers (Cadbury, Mars, Nestlé, Terry's, Walls, and a control which was no endorsement). The results showed that all the corporate endorsements added value over the control even for Walls, an ice cream brand whose associations are with a different category. The most impact was found from endorsements from Cadbury and Mars which have the most credibility in the confectionery space.

Making the endorser brands strategy work involves understanding the distinction between an organizational brand and a product brand. Marriott is a product brand for Marriott Hotels and Suites. However, it is the Marriott

organizational brand that is endorsing Courtyard and Fairfield Inn. The emotional and self-expressive benefits of the Marriott product brand are maintained, because the product brand is distinct from the organizational brand. One implication is that the Marriott organizational brand is now an important part of the brand architecture and needs to be actively managed.

Another motivation for endorsing a brand is to provide some useful associations for the endorser. For example, a successful, energetic new product or an established market leader brand can enhance an endorser. Thus, when Nestlé bought Kit-Kat, a leading chocolate brand in the UK, a strong Nestlé endorsement was added. The purpose was not so much to help Kit-Kat as to enhance Nestlé's image in the UK by associating it with quality and leadership in chocolate.

Token Endorser

A variant of the endorser strategy is a token endorser, usually a master brand involved in several product-market contexts, which is substantially less prominent than the endorsed brand. The token endorser can be indicated by a logo such as the GE light bulb or the Betty Crocker spoon, a statement such as "a Sony Company," or by another device. In any case, the token endorser will not have center stage; the endorsed brand will be featured. The role of the token endorser is to provide some reassurance and credibility while still allowing the endorsed brands maximum freedom to create their own associations.

The token endorsement will have more impact if the endorser:

- is well known already (such as Nestlé or Post),
- is consistently presented (for example, if the visual representation—the Betty Crocker spoon or the GE bulb—is in the same location in the visual setting of the ad, a package, or other vehicle),
- has a visual metaphor symbol (such as the Traveler's umbrella), and
- appears on a family of products that are well-regarded (such as the Nabisco product lines) and thus provides credibility from its ability to span products.

A common mistake is to exaggerate the impact of a token endorsement when the endorser is not well known and well regarded or when the endorsed brand is well regarded and established in its own right and thus does not need the reassurance of an endorser. Provident, a major financial services firm, was once a combination of businesses connected by a forgettable phrase (something like "a Capital Holding Company"), a fact that escaped nearly all of their customers. Nestlé once conducted a U.S. study to determine the impact of the Nescafé token endorsement brand (a strong coffee brand outside the U.S. but a weak one in the U.S.) on Taster's Choice, a strong brand in the United States. Because of Taster's Choice's brand strength, the token Nescafé endorsement had little impact either positively or negatively in terms of image or intention measures.

Linked Name

Another endorsement variant is a linked brand name, where a name with common elements creates a family of brands with an implicit or implied endorser. McDonald's, for example, has Egg McMuffin, Big Mac, McRib, McPizza, McKids, Chicken McNuggets, McApple, and so on. The fact that "Mc" links to McDonald's in effect creates an implied McDonald's endorsement, even though the traditional endorsement is not present. Linked names allow more ownership and differentiation than a descriptor brands strategy such as McDonald's Ribs or McDonald's Pizza.

A linked name provides the benefits of a separate name without having to establish a second name from scratch and link it to a master brand. The OfficeJet name, for example, has a natural link to LaserJet and thus its communication task is made easier. A new name, in contrast, would not only have to be established, but would have to be linked to the LaserJet brand, a non-trivial task.

Subbrands

Subbrands are brands connected to a master or parent brand and augment or modify the associations of that master brand. The master brand is the primary frame of reference, which is stretched by subbrands that add attribute associations (e.g., Black & Decker Sweet Hearts Wafflebaker), application associations (e.g., Microsoft Office), a signal of breakthrough newness (e.g., Sony Walkman), a brand personality (e.g., Audi TT), and even energy (e.g., Nike Force). One common role of a subbrand is to extend a master brand into a meaningful new segment—as, for example, Ocean Spray Craisins stretches Ocean Spray from juice to snack foods.

The link between subbrands and their master brand is closer than the link between endorsers and the endorsed brands. Because of this closeness, a subbrand has considerable potential to affect the associations of the master brand, which in turn can be both a risk and an opportunity. In addition, the master brand, unlike an endorser brand, will usually have a major driver role. Thus, if Revolutionary Lipcolor is a subbrand to Revlon rather than an endorsed brand (Revolutionary Lipcolor from Revlon), it will have less freedom to create a distinct brand image.

The Subbrand as a Co-Driver

When both the master brand and the subbrand have major driver roles, it is considered a co-driver situation. The master brand is performing more than an endorser role—for example, customers are buying and using both Gillette and Mach3; one does not markedly dominate the other. Usually, for this to be the case, the master brand already has some real credibility in the product class. Gillette, with its innovation over the years, has become a brand that enjoys

loyalty in the razor category. Mach3 is a particularly innovative razor, however, and so it too merits and receives loyalty.

The cosmetics product Virgin Vie uses a subbrand as a co-driver. While the Virgin brand provides presence, visibility, and attitude, it is associated with a generation older than the target market for Virgin Vie. The use of the Vie subbrand rather than a subbrand descriptor (such as “Virgin Cosmetics”) helps to make the brand more credible in the cosmetics market and to access a younger target market—the twenty-something consumers. A young British celebrity used in the Virgin Vie communications creates further separation from the Virgin brand and founder Richard Branson.

In a co-driver situation, unless the two brands stand for comparable quality, the association might tarnish the more prestigious brand. When Marriott, a premium hotel name, endorses Courtyard, the risk to Marriott’s status and perceived quality standards is reduced because it is an endorser. If Marriott had instead been a co-driver (meaning in part that its name would be just as prominent in visual depictions) the Marriott brand would have been perceived to have been stretched downward and its perceived quality as a product brand would therefore be in greater jeopardy.

A Branded House

In a branded house strategy, a master brand moves from being a primary driver to a dominant driver role across a multiple offerings. The subbrand goes from having a modest driver role to being a descriptor with little or no driver role. Virgin uses a branded house strategy because the master brand provides an umbrella under which many of its business operations operate. Thus, there are Virgin Airlines, Virgin Express, Virgin Radio, Virgin Rail, Virgin Cola, Virgin Jeans, and Virgin Music and many others. Other branded houses include many (but not all) of the offerings of Healthy Choice, Kraft, Honda, Sony, Adidas, and Disney.

The branded house option, of course, puts a lot of eggs in one basket. The experience of brands like Levi’s, Nike, and Kodak illustrate the risk. Each has struggled with a brand that has been an umbrella for a wide product line. Each has found it difficult to maintain a cool image or a quality position with a large market share. Also, a branded house can limit the firm’s ability to target specific groups; compromises must be made. However, the branded house enhances clarity, synergy, and leverage and thus should be the default brand architecture option. Any other strategy requires compelling reasons.

The branded house architecture, such as Virgin’s, often maximizes clarity because the customer knows exactly what is being offered. Virgin stands for service quality, innovation, fun/entertainment, value, and being the underdog; it also has a heritage of being fun and outrageous. The descriptors meanwhile indicate the specific business: Virgin Rail, for example, is a railroad run by the

Virgin organization. It could not be simpler from a branding perspective. A single brand communicated across products and over time is much easier to understand and recall than a dozen individual brands each with its own associations. Employees and communication partners also benefit from greater clarity and focus with a single dominant brand. There should be little question of brand priorities or the importance of protecting the brand when a branded house is involved.

In addition, a branded house usually maximizes synergy, as participation in one product market creates associations and visibility that can help in another. At Virgin, the product and service innovations in one business enhance the brand in other businesses. Further, every exposure of the brand in one context provides visibility that enhances brand awareness in all contexts.

Two anecdotes from GE show how the synergistic value of brand building in one business can affect another. First, GE was the perceived leader (by a big margin) in the small appliance category years after it had exited the business in part because of the advertising and market presence of GE large appliances. Second, more than 80% of the respondents in a survey said that they had been exposed to a GE Plastics ad during a time in which no such ads appeared; but other GE products had been advertised. Clearly, the accumulation of brand exposures over time and over business units has impact far beyond their intended function.

Finally, the branded house option provides leverage—the master brand works harder in more contexts. The Virgin brand, for example, is harnessed and employed in numerous of contexts. The role of business strategy is to create and leverage assets, and thus the branded house is a logical choice.

Same Brands but with Different Identities

When the same brand is used across products, segments, and countries, one of two implicit assumptions is usually made, both of which are counterproductive to creating an optimal brand architecture. The first assumption is that there can be different brand identities and positions in every context despite the common brand name. The use of dozens of brand identities, however, creates brand anarchy and is a recipe for inefficient and ineffective brand building. The second assumption is that there is a single identity and position everywhere even though the imposition of a single brand identity risks a mediocre compromise that is ineffective in many of its contexts. In fact, there usually needs to be a limited number of identities that share common elements but that have distinctions as well. For example, GE Capital requires certain associations that are inappropriate for GE appliances.

FIGURE 2. Selecting the Brand Separation

Toward a Branded House	Toward a House of Brands
<p>Does the master brand contribute to the offering by adding:</p> <ul style="list-style-type: none">• associations enhancing the value proposition?• credibility with organizational associations?• visibility?• communication efficiencies? <hr/> <p>Will the master brand be strengthened by associating with the new offering?</p>	<p>Is there a compelling need for a separate brand because it will:</p> <ul style="list-style-type: none">• create and own an association?• represent a new, different offering?• avoid an association?• retain/capture customer/brand bond?• deal with channel conflict? <hr/> <p>Will the business support a new brand name?</p>

Selecting the Right Position in the Brand Relationship Spectrum

Each context is different, and it is difficult to generalize about when to use which spectrum subcategory and how to meld sets of brands and their relationships into a composite brand architecture. Addressing the four key questions summarized in Figure 2, however, provides a structured way to analyze the issues. Positive answers to the two questions at the left will suggest a downward movement on the brand separation spectrum toward a branded house, while positive answers to the two questions on the right imply an upward movement on the spectrum toward a house of brands.

The brand architecture issues become most graphic when a new offering is added to the existing set of brands. Thus the perspective of a new brand will be the primary frame of reference in the following discussion of the conditions that would suggest a move either down or up on the spectrum. These issues also arise, of course, when evaluating an existing brand architecture to identify needed adjustments.

Does the Master Brand Contribute to the Offering?

The master brand needs to add value (or gain value) by becoming attached to a new product offering in the branded house scenario. It can add value by adding associations that contribute to a value proposition, by providing credibility to the offering, by sharing the visibility of the master brand, and by generating communication efficiencies that can result in cost advantages.

Associations Enhancing the Value Proposition

Most fundamentally, does the master brand make the product more appealing in the eyes of the customer? Do the positive associations of the master brand transfer to the new product context, and are the associations relevant and appropriate? When the answer is yes, the brand equity can be leveraged in the new context. For example, Calvin Klein fragrances are enhanced by the Calvin Klein associations of an authoritative edgy designer with provocative, sexy clothes and vivid user imagery.

Credibility with Organizational Associations

A brand, especially a new brand, has two tasks. First, a relevant, compelling value proposition needs to be created. Second, the value proposition needs to be made credible, a task that is most difficult with a compelling value proposition that breaks new ground and involves consumer risk—e.g., a battery-powered car or a solar home. By attaching a brand with strong organizational associations, however, the credibility challenge can be reduced or even eliminated. Among the most important organizational associations are:

- *Quality*—HP home computers
- *Innovation*—Shiseido skin care products
- *Customer Concern*—Nordstrom's beauty parlor
- *Globalness*—AT&T news channel
- *Reliability and Trust*—Sears appliance business

Visibility

A brand, particularly a new entry, requires visibility not only to get an offering considered, but also to imply a host of positive product and organizational attributes. An existing brand such as CitiGroup may already have visibility—the problem is how to link it to a new business arena (such as brokerage service). In contrast, establishing visibility for a new entrant (such as Mega Brokers) that is not linked to a visible established brand can be expensive and difficult with so much marketplace clutter.

Communication Efficiencies

All aspects of brand building involve significant fixed costs that can be spread over all the contexts in which the brand is involved. The creation of advertising, promotions, packaging, displays, and brochures is both costly in time and in talent. When a brand enters a new brand context though, prior brand-building efforts can be adapted or used directly. More important is the synergy created by media spillover into adjacent markets. Ads and publicity for GE jet engines and GE appliances are seen by potential buyers of both product lines, giving GE an advantage over more focused rivals. As media like event sponsorships (e.g., sports events and music concerts) and the use of publicity

become more important relative to conventional media, such spillover should be more significant.

The potential economies of scale and synergy will tend to be higher under the following conditions:

- When the collective communication budget supporting a brand playing a driver role is significant. The communication budget for a brand used as an endorser will have fewer economies of scale because in those contexts other brands will still need to be supported.
- When media vehicles work across the brand contexts. An Olympic sponsorship, for example, may need to be spread over multiple business contexts to be feasible.
- When there is a meaningful brand-building budget. When the numbers get small the synergy potential also shrinks.

Will the Master Brand Be Strengthened?

The impact of a brand extension (such as Virgin Cola) or brand endorsement (a Sony company) on the master brand equity is often overlooked but can be critical. Some organizations allow access to their brand to business units that are concerned only with the credibility gained by using the name not the equity of the master brand. If the brand will help, they will use it with no regard for any image dilution that may be generated. If there is no organizational unit to prevent this brand extension or brand endorsement promiscuity, real brand equity damage may result.

A brand extension or brand endorsement should be a vehicle to support and enhance the key master brand associations. A Healthy Choice offering, for instance, should reflect and reinforce the core identity of Healthy Choice. If Healthy Choice is used to promote a product—even a quality product—that is not positioned as a healthy food, it undercuts the brand. Wherever Sunkist products communicate health, vitality, and vitamin C, they are helping the Sunkist brand; when the brand is placed on candy or soda, the core franchise is placed in jeopardy. The risk is that customers will not separate in their minds Sunkist candy or soda with an orange flavor from other Sunkist products that imply real orange ingredients.

It can be difficult but important to say no, to recognize the boundaries of a brand, and to resist the temptation to stretch it too far. Clorox means bleach; lending the Clorox name to a cleaning product without bleach is risky. The Levi's name, which means casual clothing, defines boundaries as well. In contrast, Bayer's decision to put the Bayer name on non-aspirin products has diluted its ownership of the aspirin category, a significant cost.

Is There a Compelling Need for a Separate Brand?

The development and support of a new, separate brand is expensive and difficult. Multiple brands complicate the brand architecture for both the firm and

the customer. Using an established brand in a branded house strategy, by comparison, will reduce the investment required and lead to enhanced synergy and clarity across the offerings. Thus a separate brand should be developed or supported only when a compelling need can be demonstrated.

Because of the enormous pressure to create new brands by those who believe (often wishfully) that the latest product improvement merits a new name, organizational discipline is required to make sure that any new brand is justified. This discipline might involve a top-level committee with sign-off authority, as well as a specified set of conditions under which a new brand is justified. Although these guidelines will depend on the context, new brands in general should be absolutely necessary to either create and own an association, retain a customer relationship, represent a totally new concept, avoid an association, or deal with a severe channel conflict issue. The “absolutely necessary” qualification is important to set the right tone and keep managers from picking rationalizations.

Creating and Owning an Association

The potential to own a key association for a product class, particularly a newly introduced class, is one rationale for a new brand. Pantene (“for hair so healthy it shines”) would not be successful under the Head & Shoulders or Pert brands because the unique benefit of Pantene could not emerge under the shadow of the existing associations. When an offering has the potential to dominate a functional benefit (as is the case for many of the P&G brands), a distinct brand is justifiable. However, a similar argument is unclear at General Motors, which aspires to be a house of 33 brands; the motivating segmentation of key association is fuzzy and complex. The GM brands in general lack a distinct driving value proposition.

Representing a New, Different Offering

A new brand name can help tell the story of a truly new and different offering or signal a breakthrough benefit. Because there is a temptation for all new-product managers to believe that they are in charge of something dramatic, however, a larger perspective is needed. A minor evolution or an empty attempt to revitalize a product will rarely qualify. A new brand name should represent a significant advance in technology and function. For instance, the Viper, Taurus, and Neon all merited new names because their new designs and personalities represented a radical departure from alternative offerings.

Avoid an Association

Does a link with an existing brand create a liability? When Saturn was introduced, tests showed that any association with GM would adversely affect its perceived quality and so a decision was made to avoid any connection between the two brands. Micro-brewed beers base their differentiation on uniqueness and personal craftsmanship; any endorsement or co-brand with a

major brewery would undercut that claim. Any hint of a connection between Clorox, the makers of bleach, and its Hidden Valley Ranch salad dressings would raise the specter of the salad dressing tasting like bleach. Thus the label states that Hidden Valley Ranch dressing's owner is HVR Company, and there is no mention of Clorox even on the back of the packages.

Will a link with an existing brand risk damaging that brand? Gap has chosen a house of brands approach for its three principal brands, with Banana Republic at the high end, Gap in the middle, and Old Navy at the value end. Old Navy (one of the most successful retail concepts ever, judged by sales growth) offers energy, fun, creativity, and value with tasteful, stylish clothes sold at affordable prices. Management felt that initial efforts to brand the concept as the Gap Warehouse threatened damage to the Gap brand. It would cannibalize sales and, worse, would associate Gap with lower-priced clothing. Similarly, Nestlé has no connection with any of its pet food brands such as Alpo or Fancy Feast.

Retain/Capture a Customer/Brand Bond

When a firm buys another brand, there is an issue as to whether the purchased brand name should be retained. In making this judgment, the strength of the acquired brand—its visibility, associations, and customer loyalty—should be considered as well as the strength of the acquiring brand. The customer bond to the acquired brand name is often the key ingredient; if it is strong and difficult to transfer, keeping the acquired brand could be a sound decision. The following conditions would make a brand equity transfer difficult:

- The resources required to change the acquired name are not available (or are not justified).
- The associations of the acquired brand are strong and would be dissipated with a brand name change.
- There is an emotional bond, perhaps created by the organizational associations of the acquired brand that may be difficult to transfer.
- There is a fit problem; the acquiring brand does not fit the context and position of the acquired brand.

Schlumberger, the oil-field service company, has retained several strong brand names that it acquired, including Anadrill (an oil drilling company), Dowell (oil-well construction and production), and GeoQuest (software and data management systems). In most cases, these brands became a subbrand of Schlumberger with co-driver status. Each of these three brands had its own culture, operating style, product scope, and personality that combine to form the basis for strong customer relationships; to abruptly or even gradually replace those brand names with that of a large diverse brand (namely Schlumberger), however well regarded, would waste assets. Nestlé also usually retains acquired brand names, although a Nestlé endorsement is sometimes added. Too often a name change is motivated by ego or convenience rather than a dispassionate analysis of brand architecture.

There are circumstances, of course, when a name change is wise. Usually the rationale involves a strong branded house. HP has made hundreds of acquisitions over the years and has consistently changed the name to HP even when the previous brand name had substantial visibility, attractive associations, and a customer following. It is not clear that the HP policy generated the right decision in all cases, but the strong associations of HP and the advantages of a branded house strategy provided defensible reasons.

Avoiding Channel Conflict

Channel conflict can preclude using established brands; the problem usually is twofold. First, an existing channel may be motivated to stock and promote a brand because it has some degree of exclusivity. When that is breached, the motivation falls. Second, an existing channel will support a higher price in part because it provides a higher level of service. If the brand became available in a value channel, the brand's ability to retain the high-margin channel would be in jeopardy.

Fragrance and clothing brands, for example, need different brands to access the upscale retailers, the department stores, and the drug/discount stores. Thus L'Oreal has Lancôme, L'Oreal, and Maybelline Cosmetics brands for different channels. The VF Corporation supports four distinct brands—Lee, Wrangler, Maverick, and Old Axe in part to deal with channel conflict. Purina distributes ProPlan to specialty pet stores and Purina One to grocery stores.

Will the Business Support a New Brand Name?

If the business is ultimately too small or short-lived to support necessary brand building, a new brand name will simply not be feasible whatever the other arguments are. It is costly and difficult to establish and maintain a brand, almost always much more so than expected or budgeted. Too often in the excitement of a new product and brand, unrealistic assumptions are made about the ability and will to fund it adequately. The "will" is particularly important; many organizations have deep pockets but short arms. It is futile to plan brand building only to fail to fund its construction and provide a maintenance budget.

A Closing Note

The brand relationship spectrum, with its four branding routes, is a powerful tool; however, nearly all organizations will use a mixture of all of them. A pure house of brands or branded house is rare. GE, for example, looks like a branded house, but Hotpoint and NBC are outside; in addition, GE Capital will itself have a host of subbrands and endorsed brands. The challenge is to create a brand team where all the subbrands and brands fit in and are productive.

Notes

1. John Saunders and Fu Guoqun, "Dual Branding: How Corporate Names Add Value," *Journal of Product and Brand Management*, 6/1 (1997: 40-48).