

**Product and Brand Management**  
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**Lecture 51**  
**Brand Architecture Strategies and Brand Portfolio**

Hello friends. Welcome back to Product and Brand Management. Till now we have tried to build up a structure around how strategically we will be able to develop brand equity and that is what we have tried to dwell upon. Those are the aspects which we have been wondering about. Lastly, we talked about brand audit and brand research. We talked about some methodologies to find out what customers think.

How to reach to the customer's heart to understand what kind of actions, programs would have been implemented by the successful brands? How would they have become so ingrained in our lives? And before that, we talked about brand elements, and brand value chain, not to mention we have wondered about language perspective and so on.

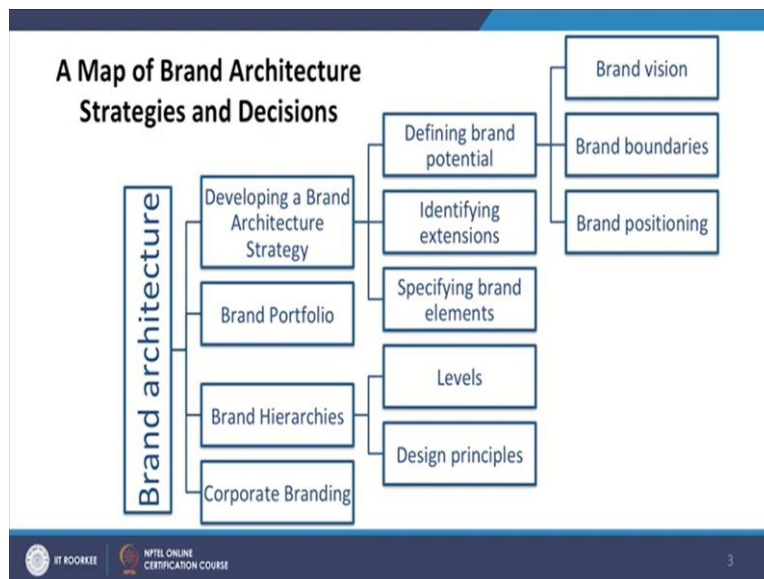
Now let us look at this scenario from the side of a chain structure to an architectural perspective. And, if you look at a brand manager or a person at the helm of the affairs on steering brands, then how that person or team of people would be designing the complete journey of a brand.

What would they be thinking? How systematically are they trying to foresee? Where would they go? Or Where would they take a brand or associate with other brand's secondary associations? We have talked about it earlier as well. How they will carry it forward in a structured manner. So, we will be looking at brand architecture strategies with the perspective of brand architecture, a design format.

And we will be using several examples to understand it conceptually, but here I should remind you that you must continuously carry forward a thought that someone in the initial most phase of an organizational inception or a product inception and the beginning of a brands journey is thinking with an architectural perspective as a designer, as an architect who is structuring things.

I will just open it up for you, how it happens, and I will explain the structure first and then we will go to the brand portfolio, and then I will carry along a few other subjects which are very relevant for this understanding.

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So, look at this slide, look at the structure in front of you. A map of brand architecture strategies and decisions, wherein, brand architecture is at the helm. It emanates the development of a brand architecture strategy, that is actions and the path which a brand is going to take in due course of time for a long time.

When we say strategy, try to decipher one thing that it is for a longer time and we have already talked about competition, the line perspective and several other perspectives. Here again, I would be taking you back towards line and depth perspective, wherein this time we would be trying to understand it with reference to brands along with the products. A brand being a product and so on.

So here strategy means a long-term path. Then there is an element of brand portfolio in a simplistic fashion, a collection of all the brands within a bouquet, that is where brand portfolio comes in. I will be talking about this with the definitional perspective as well. Then we will be going for brand hierarchies, how it happens and somewhere you would realize that it can be structurally developed, can be thought of as some visionary does that or visionaries they do that.

Many times, as per the need of the hour when we start growing, when we start excelling, it happens. But then also we have to develop a hierarchical structure that is what one has to

understand, if it happens then how to convert it into a structure which is meaningful and if we are going step by step, how we have to steer it.

Then comes, corporate branding, one of the most interesting subjects because we have been wondering how Tata's and Patanjali, Infosys and Lever's have grown into corporate brands. When we talk from a strategic perspective, the next element is brand potential because we are talking of a long-term path driven by a vision.

We have something in mind, how this world should remember a brand and how this world should keep on receiving this brand in form of the products or whatever offerings the brand offers. Then in terms of extensions, strategy and when I say strategy just open it up as developing a brand architecture strategy and structural strategy.

Specifying brand elements, we are going to use elements all along, and then for hierarchies. When there is a hierarchy, there is a level and then there are design principles. And then in terms of potential, how vision is associated with that and what are the boundaries, what is the element of positioning.

To expand upon this, we will be taking several examples and but one or two universally understandable examples carried along throughout the discussion. Let us see what is in store for us.

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**Developing a Brand Architecture Strategy**

- The firm's **brand architecture strategy** helps marketers determine which products and services to introduce, and which brand names, logos, symbols, and so forth to apply to new and existing products.
- The role of brand architecture is twofold:
  - To clarify brand awareness: Improve consumer understanding and communicate similarity and differences between individual products and services.
  - To improve brand image: Maximize transfer of equity between the brand and individual products and services to improve trial and repeat purchase.

Source: Keller, K. L. & Swaminathan, V. (2020). Strategic brand management: Building, measuring, and managing brand equity.

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When we talk of brand architecture strategy, it helps marketers to determine which products and services to introduce, which brand names, logos, symbols and what else is to be applied to new and existing products. How all those things which we have discussed should come in front of us, that is the motive.

What the box should carry as a name, as a symbol. How it should be recognized, as simple as that. Now, the role of brand architecture is multi-fold but, broadly let us look at two perspectives. One is to clarify brand awareness. It is a very simple kind of an element, improving consumers' understanding and communicating similarity and differences between individual products and services, so, differentiation.

And remember since the time we have started discussing, brand differentiation is a key element which we have been focusing upon. Then next is, improving brand image. Objective is always enhancing brand equity that means the value for the potential customers as well as the stakeholders.

So, maximizing improving brand image means maximizing transfer of equity between brand and individual products and services to improve trial and repeat purchase. You should come by yourself, ask for a particular name, buy the product and feel happy.

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**Developing a Brand Architecture Strategy**

- Developing a brand architecture strategy requires three key steps:
  - Defining brand potential- in terms of its “market footprint”
    - ✓ articulating vision
    - ✓ defining brand boundaries
    - ✓ crafting brand positioning
  - Identifying brand extension opportunities
  - Branding new products and services

Source: Keller, K. L. & Swaminathan, V. (2000). Strategic brand management: Building, measuring, and managing brand equity.

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Now again, developing a brand architecture strategy requires several steps but three major steps are defining brand potential in terms of the market footprint, articulating the vision, what did you imply when you named this particular product, what did you have in mind. So can we articulate the vision because vision is represented by the product and the service which we are offering to our customers.

If we have a vision to create an organization, disseminating education for, so does it resonate with what we say about our institute or education portal, whichever way we are going ahead. Defining brand boundaries, crafting brand positioning we have just talked about that. Now identifying brand extension opportunities. Here opportunity is the keyword to look for scope of brand development.

To look for where I can use the same name, or related product or many times unrelated product also, that means if I am able to expand the family of the product would I be able to expand the category of the product as such. And we have talked about families, categories, lines, width, and branding new products and services.

Now for example let us take Volkswagen, in English it is written as Volkswagen, but it is pronounced as Folkswagen.

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A presentation slide titled "Volkswagen Brand Architecture" with a blue header and footer. The main content is a bulleted list of four items: Goal, Vision, Core values, and The guiding principle. The footer contains logos for IIT ROORKEE and NPTEL ONLINE CERTIFICATION COURSE, along with a small number 6.

### Volkswagen Brand Architecture

- **Goal** - "to offer attractive, safe and environmentally sound vehicles which can compete in an increasingly tough market and set world standards in their respective class."
- **Vision**- "to make this world a mobile, sustainable place with access to all the citizens."
- **Core values**- "accountability, teamwork, servant's attitude, and integrity."
- **The guiding principle**: The development of sustainable, connected, safe and tailored mobility solutions for future generations.

Source: Volkswagen Mission Statement 2021 | Volkswagen Mission & Vision Analysis (mission-statement.com)

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So now the goal of this organization is to offer attractive, safe and environmentally sound vehicles which can compete in an increasingly tough market and set world standards in their respective classes, product class.

Vision - To make this world a mobile sustainable place with access to all the citizens. This vision can be translated into the products and services which Volkswagen is offering, that is the mainstay of our discussion. Keep that structure in mind which I have just shown you. I will be showing you that structure at least three four times more. Now core values - accountability, teamwork, servant's attitude, that means developing an accessibility to service, offering service as if we are there for you, and integrity.

You would say that these are generic fundamental values which any organization should bear but the point is who is able to exemplify those in terms of their products and services, that is a major question. The guiding principle, the development of sustainable, connected, safe and tailored mobility solutions for future generations.

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The slide is titled "Volkswagen Brand Architecture" in bold black text. Below the title, there are two bullet points. The first bullet point is "New Group strategy 'NEW AUTO – Mobility for Generations to Come'" followed by a description: "The Volkswagen Group will be a significant driver of this transformation and accelerate its realignment from vehicle manufacturer to a leading, global software-driven mobility provider." The second bullet point is "Alignment" followed by a description: "The Volkswagen Group is rigorously realigning itself and building up the new competencies. In addition to software development and the capability for autonomous driving, this also applies to areas such as battery technology, battery recycling, charging infrastructure and mobility services." At the bottom of the slide, there is a source attribution: "Source: Strategy 1 Volkswagen Group (volkswagen.com)". The slide is part of an NPTEL Online Certification Course, as indicated by the logo and text at the bottom left.

**Volkswagen Brand Architecture**

- **New Group strategy** "NEW AUTO – Mobility for Generations to Come"- The Volkswagen Group will be a significant driver of this transformation and accelerate its realignment from vehicle manufacturer to a leading, global software-driven mobility provider.
- **Alignment**- The Volkswagen Group is rigorously realigning itself and building up the new competencies. In addition to software development and the capability for autonomous driving, this also applies to areas such as battery technology, battery recycling, charging infrastructure and mobility services.

Source: Strategy 1 Volkswagen Group (volkswagen.com)

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Now, there are several other elements, then, there is a new group strategy, new auto mobility for generations to come. Volkswagen group has been a significant driver of this transformation and accelerated its realignment from vehicle manufacturer to a leading global software driven mobility provider.

Now incorporating technology into what they are doing. You see somewhere someday someone would have imagined that this time would come and that is what specifically I am mentioning when I am talking of architecture. So how you would integrate things, how you would integrate processes, how you would go along with alignment. Volkswagen group is rigorously re-annihilating itself and building up new competencies.

In addition to software development and the capability of autonomous driving, this also applies to areas, such as battery technology, battery recycling. We are going into a world wherein EVs would be the future, they have been working upon this. Someone would have thought of this transformation a few decades back, and that is precisely when we are talking of brand architecture.

This also resonates with our thought process in terms of product line, product innovation, design thinking, but that is an ingrained part of brand architecture because that product is Volkswagen. And that is precisely what is the point, that, line in terms of product or brand line that comes to a

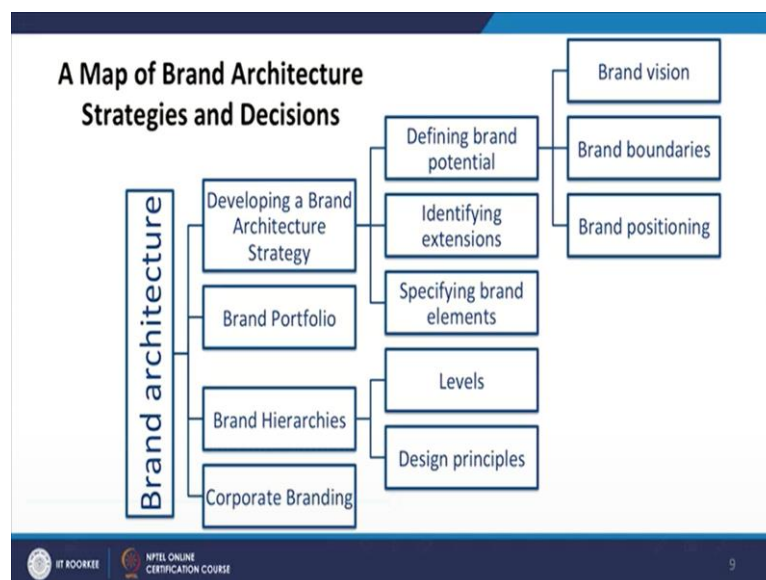
situation together sometime, and I will be showing you how it happens. You see this is Volkswagen.

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So, you can recognize all these logos and we have talked about them and then you can recognize the products under each logo or under each brand which Volkswagen has as its umbrella.

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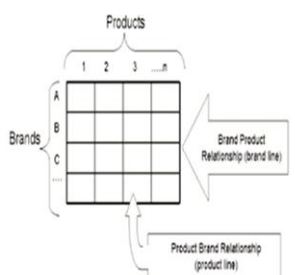
Keep the structure of brand architecture in mind which is now in front of your screen. And let me carry forward with the discussion with other elements, and I will be coming back to this once again. Till this stage just think in terms of strategy, the first element which we have opened up.

I am mentioning continuously and it is imperative for us to understand that somewhere there is a relationship between product line and brand line. There is a matrix structure which can explain this to us. You see the brand product matrix, it is interesting, it is not complicated at all, one must think of this.

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### The Brand-Product Matrix

- To characterize the brand architecture strategy of a firm, one useful tool is the brand-product matrix, a graphical representation of all the brands and products.
- The matrix (or grid) has the firm's brands as rows and the corresponding products as columns.

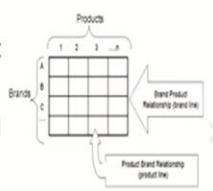


Source: Keller, K. L., & Swaminathan, V. (2020). Strategic brand management: Building, measuring, and managing brand equity

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### The Brand-Product Matrix

- We can characterize a firm's brand architecture strategy according to
  - its **breadth** (in terms of brand-product relationships and brand extension strategy)
  - its **depth** (in terms of product-brand relationships and the brand portfolio or mix).
- For example, a brand architecture strategy is both deep and broad if the firm has a large number of brands, many of which have been extended into various product categories.



Source: Keller, K. L., & Swaminathan, V. (2020). Strategic brand management: Building, measuring, and managing brand equity

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See, brand product matrix, wherein to characterize the brand architecture strategy of a firm, one useful tool comes in the form of this matrix, and it is a graphical representation of all the brands and the products. And on the vertical axis in this matrix are brands and products are there on the horizontal axis.

This grid has the firms, brands as rows and the corresponding products as columns. Now what does it do, let us try to decipher that, we can characterize a firm's brand architecture strategy according to its breadth and its depth. Now, what does breadth mean here in terms of brand product relationship with brand extension strategy.

Once you move ahead from left to right in terms of adding on products to a brand, and in its depth in terms of product brand relationship and the brand portfolio or mix. For example, a brand architecture strategy is both deep and broad, if the firm has a large number of brands, many of which have been extended into various product categories.

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**Category**

- The **rows** of the matrix represent brand-product relationships.
- They capture the firm's brand-extension strategy in terms of the number and nature of products sold under its different brands.
- A brand line consists of all products—original as well as line and category extensions—sold under a particular brand. Thus, a brand line is one row of the matrix. (Note: A *product line* may include different brands, or a single-family brand or individual brand that has been line extended.) E.g., SOFT DRINKS, JEWELLERY, SKIN CARE, DENTAL CARE

Source: Keller, K. L., & Swaminathan, V. (2020). Strategic brand management: Building, measuring, and managing brand equity

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I will just decipher this for you, but just hold on for a while. Now the rows of the matrix represent brand product relationships. They capture the firm's brand extension strategy in terms of the number and the nature of the products sold under its different brands, one name and probably different products may be related to each other or may be complementary to each other but belonging to different lines in terms of product.

When I say different lines, I should not refrain from suggesting that I talked about the relationship of product line with production line as such. Now for example, a computer company puts up a computer for you and a printer for you and carries the same brand name, it is just an example, but the point is, those products can be different in terms of their line but same in terms of as far as their brand name goes.

So, a brand line consists of all the original products as well as line and category extensions. See line and category extensions sold under a particular brand name. Thus, a brand line is one row of the matrix and here one must note that a product line may include different brands, that is precisely the point or a single-family brand or individual brand that has been extended.

For example, soft drinks can be a category, jewelry can be a category, skin care can be a category, dental care can be a category and just to reminisce that we have talked about this earlier, so, here we are mentioning a category.

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**The Brand-Product Matrix**

- We want to judge a potential new product extension for a brand on how effectively it leverages existing brand equity from the parent brand to the new product, as well as how effectively the extension, in turn, contributes to the equity of the parent brand.
- Given that product policy has been set for a firm in terms of product boundaries (i.e., appropriate product categories and product lines), then the proper branding strategy must be decided upon in terms of which brand elements should be used for which products.
- Decisions must be made as to which products to attach to any one brand as well as how many brands to support in any one product category.
- The former decision concerns brand extensions; the latter decision concerns brand portfolios.

Source: Keller, K. L., & Swaminathan, V. (2020). Strategic brand management: Building, measuring, and managing brand equity

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Now, we want to judge the potential of a new product extension for a brand on how effectively it leverages existing brand equity from the parent brand to the new product as well as how effectively the extension in turn contributes to the equity of the parent brand. So, we are moving from an established product in terms of being a brand and we want to extend that brand equity, that brand power to the other products.

And as I said, it might be related or might be slightly diverse, might be closely associated and so on. They may constitute a family as well, for example, a family of products, category and family both, we always talk in terms of related products. Now given that product policy has been set for a firm in terms of product boundaries that is, appropriate product categories and product lines.

Then the proper branding strategy must be decided upon in terms of which brand elements should be used for which products. Now once you are moving from this side to that side, you are introducing a product under a brand name. So, there can be elements of the original brand, or the first brand to be used in the extended products, or extended brand extensions, should I say, the next product which would join this brand name.

So, it can differentiate the next product with some element which is a constituent or some addition to it kind of, so decisions must be made as to which products to attach to any one brand

as well as how many brands to support in any one product category. The formal decision concerns brand extensions, the latter decision concerns brand portfolios.

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**The Brand-Product Matrix**

- The **columns** of the matrix represent product-brand relationships.
- They capture the brand portfolio strategy in terms of the number and nature of brands to be marketed in each product category.
- The brand portfolio is the set of all brands and brand lines that a particular firm offers for sale to buyers in a particular category.
- Thus, a brand portfolio is one column of the matrix. Marketers design and market different brands to appeal to different market segments.

Source: Keller, K. L., & Swaminathan, V. (2020). Strategic brand management: Building, measuring, and managing brand equity

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Now again let us talk of columns. So, the columns of the matrix represent the product-brand relationships but earlier it was brand-product relationship. They capture the brand portfolio strategy in terms of the number and nature of the brands to be marketed in each product category.

So here you have several brands under a product category. For example, you have a product category of skin care, now you may have several names, several brands for supporting that category under the same organization, that is what we are trying to understand. And on that side, we try to look at that one brand name traversing through different categories many times, and that is what the magic of this matrix is.

And but what we are trying to understand here is that where to use the brand power, how to extend it, how to carry it forward, and that is where architectural perspective comes in, and imagination where this name, the element, the logo, the symbol, the slogan, the jingle, where it would work. And how it would create similarity, how would it capitalize upon its strength and how it has to carry some differentiation, while carrying itself ahead in terms of being a name and an element of a brand. And let us talk about portfolios now. So, the brand portfolio is the set of

all brands and brand lines that a particular firm offers for sale to buyers in a particular category. All the brand lines, so at this moment remember lines going from left to right.

Thus, a brand portfolio is one column of the matrix, marketers design and market different brands to appeal from different market segments. So, here things become slightly complex but to simplify that, we have clear distinction in terms of the pricing, the outlets or marketing program associated with each brand, even if it is an extension or otherwise. The point here is that we wish to capitalize upon the name and the strength, and that is where architecture perspective comes in.

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**Brand Portfolios**

- A **brand portfolio** includes all brands sold by a company in a product category.
- Brands can play a number of specific **roles** as part of a brand portfolio.
  - To attract a particular market segment not currently being covered by other brands of the firm.
  - To serve as a flanker and protect flagship brands.
  - To serve as a cash cow and be milked for profits.
  - To serve as a low-end entry-level product to attract new customers to the brand franchise.

Source: Keller, K. L., & Swaminathan, V. (2020). Strategic brand management: Building, measuring, and managing brand equity

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Now, let us talk about brand portfolios. A brand portfolio includes all brands sold by a company in a product category. Brands can play a number of specific roles as part of a brand portfolio to attract. For example, to attract a particular market segment not currently being covered by the other brands of the firm to serve as a flanker and protect flagship brands to serve as a cash cow.

For example, you have a premium brand and then you want a larger market to be capitalized because of that brand power and the market is demanding for that, but you are slightly ahead of what they intend to spend. So, you come slightly down in terms of the price perspective, utilize the same brand value, and offer a product which gels with this market, the expectation of this market or the expectation of customers.

I have talked about it being a cash cow to serve as a low-end entry-level product to attract new customers to the brand franchise. And attracting new customers and retaining the old ones is what brand is all about, that is going to give you value and that is going to generate equity.

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**Brand Portfolios**

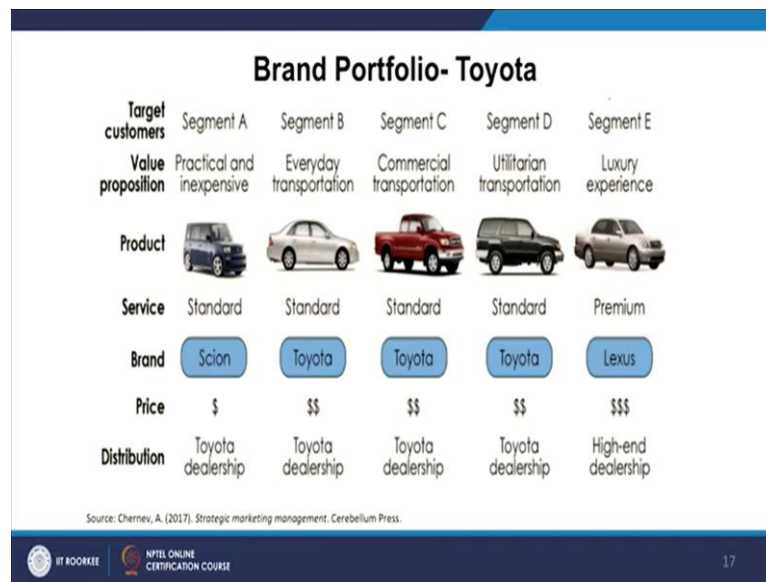
- To serve as a high-end prestige product to add prestige and credibility to the entire brand portfolio.
- To increase shelf presence and retailer dependence in the store.
- To attract consumers seeking variety who may otherwise have switched to another brand.
- To increase internal competition within the firm.
- To yield economies of scale in advertising, sales, merchandising, and physical distribution.

Source: Keller, K. L., & Swaminathan, V. (2020). Strategic brand management: Building, measuring, and managing brand equity

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Now again there are other elements to it, to serve as a high-end prestige product to add prestige and credibility to the entire brand portfolio to increase shelf presence and retailer dependence in the store to attract consumers seeking variety, who may otherwise have switched to another brand. To increase internal competition within the firm to yield economies of scale in advertising sales, merchandising and physical distribution, these are the objectives of a brand portfolio.

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You have Toyota in front of you, there are segments on the horizontal axis and then on the vertical axis, you have attributes, you have target customers, value proposition, product service, brand price distribution, that is market offerings or marketing program as such. And then you have been looking at the products, you would just understand what we are talking of, in terms of brand portfolio and how it is a part of brand architecture, how it is also associated with brand architecture strategies. Someone actually thought of steering this, or someone kept on thinking in terms of developing this whole portfolio in due course of time. While going to the customers asking what else they require looking at the competition, looking at all the other environmental factors and so on.

But try to look at Toyota, steering their way in almost for almost all types of customers and creating this whole portfolio around Automotive.



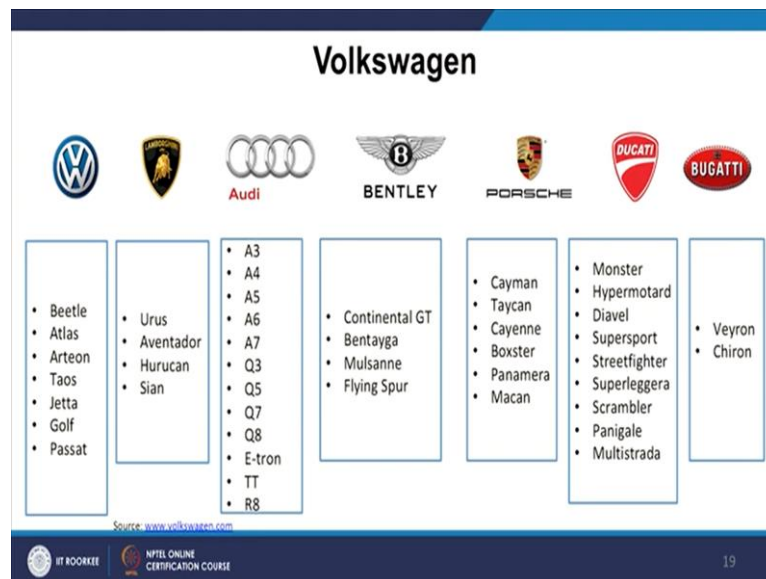
THE Coca-Cola COMPANY

- Sprite
- Fanta
- Coca-Cola
  - Coca-Cola Zero
  - Coca-Cola Ultra
- Coke
- Cherry
- Powerade
- Glacéau
- Nestlé
- Minute
  - Minute Orange
  - Minute Lemon
- Simply
  - Simply Orange
  - Simply Lemon
- Fairlife
  - Core Power

Source: [www.coca-cola.com](http://www.coca-cola.com)

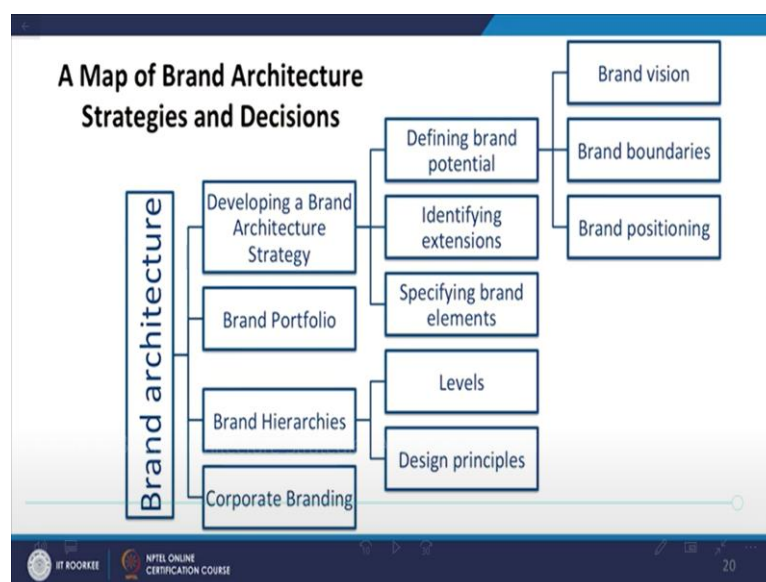
With the element of capitalizing upon the brand equity of Coca-Cola, which they have developed in due course of time with the perspective of life cycle of a product and a brand life cycle perspective, which we will be talking of briefly at the later part of our discussions almost near to the end.

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And then I take you back to Volkswagen, wherein you should be looking at this slide with reference to a portfolio. Earlier we were looking at this slide with reference to a strategic perspective, brand architecture strategy and here, with the perspective of the portfolio. Ultimately, we are trying to understand brand architecture with a strategic orientation.

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Again, just to reiterate in front of you the same slide from where we started. In my next discussion, I would be reaching to talk about brand hierarchies, then corporate branding and will

try to complete the picture with similar kind of examples, but I will be reiterating Volkswagen, I think two more times. Till then, goodbye.