Brand Architecture – Streamline. Simplify. Amplify.

Three steps to a rationalized brand architecture

by James Withey
Executive Director, EMEA
Lea Chu
Group Director, Naming

Branding firms are popularly thought of as creating brands. The truth is, we spend a good deal of our time rationalizing them. We call this discipline brand architecture.

As the term implies, brand architecture defines the structure of brands within a portfolio, and so it is closely related to portfolio strategy. There are three classic architecture approaches[1] – brand monolithic, where one brand does most of the heavy lifting, through brand prolific, where multiple brands are employed to sharply meet the needs of different segments with targeted products and services, and a hybrid space in-between.

The predominant approach waxes and wanes with the economic cycle. In times of growth, more propositions are brought to market and portfolios proliferate. Whereas in recessionary times, brand owners tack towards a more monolithic approach. Accepted wisdom is brands are expensive to create and in particular to build and maintain[2], so when budgets are pressured, prolific portfolios become a target for streamlining.

Indeed, the textbook definition of the objective for brand portfolio strategy is 'to create synergy, leverage, and clarity within the portfolio and relevant, differentiated, and energized brands'[3]. Of course, this definition does not pre-suppose any particular brand architecture model, but it does demand that every brand demonstrably plays a value-adding role within the portfolio.

Less is usually more

Branding professionals tend to default more to the monolithic end of the spectrum, regardless of whether or not the sun is shining economically. This is not because of any innate love of less, though as The Simplicity Company, we do believe that less is usually more.

The real reason to prefer more monolithic approaches is because they better capitalize value[4], and demand less time, effort and money be assigned to activities such as name creation and the ongoing management of trademarks. Simply put, fewer, stronger brands make more for less.

Conversely, overly enthusiastic rationalization not only saves cost, it also has a cost – to the relevance and difference of the individual brands within the portfolio, and to customer experience and ultimately loyalty[5].

To get to the optimum outcome when exploring how to streamline a portfolio, it is important to think not only of cutting cost but how to realize value. How can we unleash the power and potential of our strongest brands to do more, meet more needs, speak to more different customers, and to meaningfully support and ultimately sell more products and services? Thinking of brand architecture as being about amplifying brand strength leads to smarter decisions about how to structure and manage a portfolio.

And now more than ever. Because not only is the imperative to streamline perhaps more urgent now than it ever was, the opportunity to create simplicity out of complexity by making powerful brands go further is also greater than ever. What's more, brand owners and managers now have more tools than ever before to manage brands without recourse to portfolio proliferation. This enhanced toolset allows us to reach different answers to questions than traditional brand architecture

Three practical tips

Streamline for efficiency

Simplify the complex

Amplify what's powerful

approaches would. Moving logos around a decision tree will get to a set of conclusions that, while not necessarily wrong, might be different to the conclusions that emerge from also considering website navigation, personalized in-app experiences and media planning to drive relevance, difference and freshness. Why, for example, create a second brand to reach a particular segment if we can successfully engage them under the one brand in a highly targeted manner?

This means drawing upon a wider range of data and skillsets than would traditionally be the case, as inputs to an evolved brand architecture blueprint. The prize is an outcome that not only streamlines cost but also simplifies portfolio complexity while amplifying strategic brands.

Streamline for efficiency

Identify and eliminate unnecessary inefficiencies to capitalize on value – without compromising on the customer relationship.

Streamline for efficiency by asking three questions of each brand in the portfolio:

- Does every brand in the portfolio have a clear role? The simplest way to determine this is to ask whether each brand in the portfolio has a clear competitor. If the competitor overlaps, it's likely the brand roles do too.

- Are the roles complementary? A clear portfolio strategy demands that each brand helps to clarify the roles of the others, creating a virtuous circle that realizes value.

- Then, look for duplication: what segments and propositions are covered with two brands that could successfully be covered with one?

Create a win-win for brand owners and customers

While streamlining for efficiency is a ‘no regrets’ analysis, we can go beyond this to create a ‘win-win’ for brand owners and customers. Simplify the complex and amplify the strategic through the creation of a toolset that is shared with customers, effectively co-opting them into management of the brand.

Simplify the complex

Simplify the experience, replacing complexity with more of what customers are most likely to want – propositions delivered by their favourite brands.

The way people and businesses experience brands is increasingly in their hands. Brands have already moved from broadcast communication to conversation, and now the very fundamentals of product experience and brand identity are increasingly subject to versioning and personalization. Where brand owners might have previously sought to manage perceptions and experience through several different brands, changes in customer behaviour mean those behaviours no longer always fit into the neat buckets they may previously have used to structure a portfolio. Rather than regarding these changes as a complicating factor for portfolio strategy and brand architecture, we see them as creating a huge opportunity to simplify portfolios.

If a customer wants to self-segment between propositions, why try to do it for them through different brands? Why not just offer them the choice, under one brand? And if a customer will version their experience of a brand, why try do it for them via differently branded versions or variations? Why not just give them the tools to do it for themselves?

Transparent names simplify the complex

Because digital experience levers enable customers to make more of their own decisions about how they wish to be served, brands that were created to help customers make those decisions can now simply get in the way. These levers can give us different portfolio and brand architecture solutions than traditional branding tools alone.

For example, enabling customers to 'self-segment' on a website might in turn enable the brand to adopt a transparent naming strategy, replacing sub-brand names with transparent names that simplify the complex and clarify what is for whom, while still being compelling. Creating transparent names contributes to strategic clarity too, requiring teams to define exactly what a proposition is and is not.

Simplify the complex by asking three questions of the infrastructure around the portfolio:

- To what degree do customers want or need a versioned or personalized experience?
- What tools can you offer them to enable them to self-segment?
- Can you successfully plan clever, engaging differently with different audiences through media rather than brand creation?

The value of pursuing simplicity where there is complexity is just as great, or greater, than the streamlining of cost, and can be achieved by many of the same measures. Our World's Simplest Brands study has repeatedly demonstrated the value of simplicity[6], and now, the massive acceleration in take-up of digital brand experiences[7] presents brand owners with the chance to deliver simplicity at scale.

Brands with the greatest potential to amplify are those with a simple promise at their heart.

Amplify what's powerful

When rationalizing brands to simplify the customer experience, ensure retained brands are those with the greatest power and potential.

The question of brand power, or strength, can be answered through equity analysis. Potential to stretch to an extended suite of propositions is also influenced by brand strength, as a strong brand can usually cover more than a weaker one. When evaluating potential, we also need to consider whether extending a brand to cover additional customers or propositions actually makes real world sense.

As a rule of thumb, the brands with the greatest potential to amplify are those with a simple promise at their heart. A promise that can be stretched either literally, to adjacent segments, propositions, or categories, or more laterally to make for leaps that still make sense. If the brand name reflects the promise, so much the better, as it will travel with and can help pave the way for extension.

Amplify what's powerful by asking three questions of the brands in a portfolio:

- What are the strongest brands? Consider an approach such as S+G's Eye Opener* to help answer this. Doing so can provide an outside-in assessment of true brand preference.

- Does the brand have a simple idea driving it? One that can not only withstand but actually inspire and inform extension?

- Is there a literal or lateral (or both) extension opportunity for the brand? A space that will make the brand mean more and do more for its customers?

Use portfolio to amplify the most powerful brands

Just as brand strength analysis can and should be insight-informed, so too can the evaluation of brand potential and stretch opportunities. They are two sides of the same coin – is the brand extendable and is there somewhere for it to go? This might be about occupying a space identified during streamlining that's currently occupied by another portfolio brand. Or it might be about entering a new space that might otherwise be covered by creating a new brand.

Either way, this is less about opportunistic extension, where brand equity is being 'spent' to reach the parts other portfolio brands previously reached and more about 'paying' into the brand, using portfolio to amplify the most powerful brands across propositions that serve as proof points and continuously drive demand.

Streamline, Simplify. Amplify.

A streamlined, simplified, amplified approach to rationalization drives efficiencies, capitalizes value and ensures go-forward brands are strengthened by the versioning, personalization and extension techniques with which we can now augment architecture.

1 Devlin, J. F., & McKechnie, S. (2008). 'Consumer perceptions of brand architecture in financial services'. European Journal of Marketing

2 Morgan, N. A. and do Rego, L.L. (2006). 'Brand portfolio strategy and firm performance.' Marketing Science Institute

3 Aaker, D. (2004). 'Brand portfolio strategy'

4 Kapferer, J. N. (2008). 'The new strategic brand management'

5 Kapferer, J. N. (2008). 'The new strategic brand management'

6 Siegel+Gale (2019). 'The world's simplest brands'

7 McKinsey (2020), 'Reimagining marketing in the next normal'

About the authors:

James Withey, Executive Director, EMEA has many years experience in helping brands achieve purposeful architecture.
Lea Chu, Group Director, Naming, believes naming is one of the most powerful tools to land architecture with simplicity.