The Reasoning Behind Brand Architectures: A Look at Tech Giants

Introduction

Upon expanding or creating a new brand, sub-brand, or brand extensions companies face the inevitable task of ensuring that their wider brand architecture is both coherent and that the new brand communicates effectively with existing or new customer pools. Brand architecture is a detailed company source and guidance, created with the purpose of outlining the structure of the main brand and its potential future brands, companies or services provided by the parent company (Qualtrics XM, n.d.), as well as the wider brand ecosystem or framework already in existence.

Background

By establishing an architecture for their brands, companies can draw benefits in certain aspects of the business such as customer satisfaction but lose in others - brand images can be rigid, outdated or simply distract from the new offering's value. Nonetheless, **having an established brand architecture allows companies to set clearer objectives on how to manage brand extensions** and ultimately opt for strategies that are likely to grow the company's products or services. The overarching reason why brand architecture is extremely important is because it impacts both the business and its customers.

Developing a clear brand architecture ensures that customers will have a comprehensive understanding of what the master brand or the sub-brands represent and enables the company to control how they are perceived by consumers (Qualtrics XM, n.d.). On the side of consumers, branding facilitates choice and decision making - the more familiar customers become with a brand, the more likely they are to feel confident in their purchases and not view them as ventures into unknown territory.

The Architectures

There are four main types of brand architecture which are generally deployed, each differing in their operational functionality:

Branded House
House of Brands
Sub Brands
Endorsed Brands

House of Brands

House of brands, a structure that includes a parent company brand which **does not bear any immediate connection nor is openly associated with its brand portfolio.** For instance, LACOSTE and BOSS, renowned clothing brands, belong to the wider brand portfolio of P&G (Proctor and Gamble). The very same P&G owns Oral-B and Crest which are dental care products, so as one can envision, a brand cross-over between any of the four brands would not exactly 'work' in consumer's eyes (Crowdspring, 2024).

In a 'house of brands' architecture, it is however somewhat uncommon for a main brand to position itself in a completely opposite way from its other brands in terms of identity and target audience, **think of LVMH – while each brand is quite unique, they do all serve a luxury-oriented target audience.** One significant advantage of this architecture is that customers frequently struggle to link the sub-brands they recognise back to the parent brand. This allows each brand to function independently and cultivate its own unique identity. However, largely only global brands, **equipped with substantial resources and capital, can effectively handle the intricacies of maintaining distinct and independent brands within their portfolio (Crowdspring, 2024).**

Branded House

Branded house or other monolithic brand architectures can be identified the easiest since they present the inverse of the 'house of brands' architecture – the parent brand is shown, felt and integrated very closely into each brand within a wider portfolio. To put in another way, when products belong to a very similar category or provide a type of service that is not subject to tremendous changes, it is most likely that they are part of a branded house architecture (Equibrand Consulting, n.d.). **Each brand is often a direct extension of another and are often created to complement the product offered by the parent brand – for instance Virgin Airways and Virgin Holidays, the latter functions to enable the former to expand and grow by solidifying customer reliance on the brand ecosystem.**

While such brands do tend to slightly differentiate from the master brand in some visual elements such as the colour palette, ultimately there is one unique brand identity shared by all of them (Crowdspring, 2024) – in essence, they are party to one ecosystem, and they form a larger whole.

Endorsed Brands

An endorsed brand architecture poses an interesting approach for companies to employ as it lies between 'house of brands' and 'branded house' types of brand architecture - it is neither, but it is also not a 50/50 mixture of the two. Often, similar logo elements, similar fonts, and similar colour palettes to their master brand create a cohesive and recognizable brand identity. This alignment ensures that positive media coverage for one 'endorsed brand' will enhance the reputation and visibility of the others (Crowdspring, 2024).

Maintaining some consistent branding elements across the master brand and its brands, (such as Kellogg's do with their popular lines), fosters brand recognition and the diversified marketing strategies of each entity within the portfolio minimise the risk of negative spill-over effects. For instance, if one brand faces challenges, like PlayStation, it does not automatically affect the perception nor sales of other brands within the portfolio nor of the parent brand Sony, akin to a house of brands architecture (Crowdspring, 2024; Marketing91, 2023).

Sony in particular employs this architecture whereby **its endorsed brands operate with a degree of independence yet are clearly associated with the parent brand by means of claiming authorship** – i.e. PlayStation *by* Sony.

However, creating distinct marketing and branding for each endorsed brand within a wider portfolio can present challenges. This architecture too requires substantial resources and coordination efforts, as **each brand requires tailored campaigns but also cannot venture "too far" or "too brazenly" beyond the parent company identity.**

Sub Brands

Finally, another type of brand architecture is sub-brands. **Sub-brands sit under a parent brand umbrella** and while they maintain differentiated identities, they do share the same values as the parent brand which cannot be said for the endorsed brand architecture discussed above. When it comes to credibility, an established master brand that has gained a positive reputation and trust from customers secures the same for its sub-brand by association (Brand Marketing Agency, n.d.), **which is often the main reason for companies to employ this architecture.**

Apple Inc, for instance, has created several successful sub-brands under its umbrella, each targeting different market segments and needs. Notable examples include the iPhone, iPad, MacBook, and Apple Watch. These sub-brands benefit from Apple's **strong corporate reputation while also catering to specific consumer demands and differentiating the product lines from each other.** This approach allows Apple to maintain a cohesive brand identity while offering a diverse range of products. The sub-brands and their offerings are designed to fulfil a wider overarching brand identity – and to ensure that customers know, instinctively, that they are purchasing Apple products, without the need for a "by Apple" statement which we saw in Sony's example.

Tech Preferences

Within the tech sector, companies often show a preference for the 'endorsed' brand architecture. Many well-established tech companies have successfully developed and endorsed a range of brands, leveraging their core strengths to diversify their market presence and to allow for more freedom in developing brands outside of the original target segment. While parent branding is present, the endorsed brands live similar lives to those under the house-of-brands structure – **they are independent, and they are privileged to have parent brand "backing" when and where necessary.**

For instance, Amazon has expanded beyond its original e-commerce platform to include Audible, a leading audiobook service; and Twitch, a popular live-streaming platform primarily for gamers. Curiously, Amazon-owned Amazon Studios would be an example of a branded house approach – displaying that not all brand architectures are rigid and large companies do bend their architecture boundaries for new brands when essential to do so. Similarly, Microsoft has built a robust ecosystem that includes Windows, its flagship operating system; Xbox, a major player in the gaming industry; and LinkedIn, a professional networking app acquired to enhance its business and social media portfolio.

Another reason that IT businesses often select the endorsed brand architecture from the get-go is that it enables for shaping and re-shaping the wider portfolio branding without too many costs – with a rigid architecture like a branded house there are only so many changes one can make before needing to start from scratch and/or having to re-envision the entirety of all and every brand, and their positioning.

Conclusions

While maintaining a stable brand architecture for IT companies proves beneficial in a sector that develops very rapidly, it needs to be noted that issues may arise and are not to be diminished regardless of brand architecture chosen. Upon growing the brand and incorporating a novel service or product in a sub-brand architecture, companies should consider whether those fit the original brand and the wider brand portfolio and overall brand image. Do these additions align with the core values of the original brand? Is there a positive contribution to the wider brand? Believe it or not, Colgate once created a Colgate-branded lasagne line, so there is some food for thought.

Having discussed both sub-brand and endorsed brand architectures in tech, one notable example to the contrary of their benefits is Google - who has maintained, very successfully, a branded house. Google, by emphasising consistent brand messaging, continuous innovation, and a customer-centric approach, has overcome (or avoided) the hindrances of having a rigid and unchanging brand architecture, thus capitalising on recognition and trust. For instance, Google's simple, clean design is globally recognisable across its services (Ebaqdesign, 2023) - its newest extensions and brands, such a Gemini, clearly stand to be benefit from the existing brand image and can build upon a large brand equity. Ultimately, tech giants continue to show that there is no one-fits-all approach across the board, especially when it comes to branding, and what may work for one may not work for others.

Ultimately, no new brands are perfect immediately on their launch, and brand architectures which allow for more individuality reduce many risks should something unexpectedly go wrong, or if a new brand is publicly deemed a “failure”. **In fast-paced industries like IT (even though it is impossible to recommend any certain brand architecture for a particular market), there are industry favourites that exist. Namely, sub-brand and endorsed brand architectures.**

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