DYNAMICS OF INTERNATIONAL BRAND ARCHITECTURE:
OVERVIEW AND DIRECTIONS FOR FUTURE RESEARCH

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Abstract

Brands play a critical role in a firm’s international marketing strategy. A coherent international brand architecture is a key component of the firm’s overall international marketing strategy as it provides a framework to leverage strong brands into other markets, assimilate acquired brands, and rationalize the firm’s international branding strategy. This paper looks at the various components of international brand architecture and the different types of architecture found among a sample of large international consumer goods companies. Based on these initial insights, some key issues that need further research are identified.

Introduction

Branding is a key element of a firm’s marketing strategy. Strong brands help establish the firm’s identity in the market place, and develop a solid customer franchise (Aaker, 1996; Kapferer, 1997; Keller, 1998). twotas well as providing a weapon to counter growing retailer power (Barwise and Robertson, 1992). They can also provide the basis for brand extensions, which further strengthen the firm’s position in the marketplace as well as potentially enhancing value (Aaker and Keller, 1990). As firms move into international markets, branding plays an important role in its marketing strategy. In particular, a judicious branding strategy provides a means to enhance the firm’s visibility and integrate strategy across national markets (see Khermouch, Holmes and Ihlwan, 2001).

In markets outside the U.S., the concept of building strong brands in order to establish market position is relatively recent (Court et al. 1997). Markets are often fragmented, characterized by small-scale distribution, and lack the potential or size to warrant the use of heavy mass media advertising needed to develop strong
brands (Barwise and Robertson, 1992). In addition, firms have typically expanded the geographic scope of operations on a piecemeal basis by acquiring companies in other countries or entering into alliances across national boundaries. As a result they often acquire national brands or ones with limited visibility. Consequently, companies operating internationally need to identify opportunities for strengthening their position through improved co-ordination and harmonization of brands across countries and building a cohesive and effective architecture for their brands.

An international brand architecture provides a structure and a rationale for branding decisions at different levels of the organization and for different geographic locations. In essence, this architecture provides the principles that guide the effective use of brands so as to develop a strong positional advantage in international markets. It should establish which brands should be emphasized at what level in the organization, i.e. corporate, product business and product, how brands are used and extended across product lines and country, and how far branding is harmonized and coordinated across national borders. Without a well-conceived international brand architecture, the firm will be at a competitive disadvantage, suffering from inconsistencies in brand identity across national markets, lack of a strong corporate or product identity in international markets, and the inability to maximize the value of brands across national boundaries.

The present paper develops understanding the design and composition of a firm’s international brand architecture. Current perspectives on international branding and brand architecture are first examined. A conceptual framework identifying the elements of international brand architecture is developed based on the findings of a field survey of the international branding strategies of a number of large consumer goods companies in Europe. Each of its components and the typical patterns of brand architecture found in these companies are then discussed in more detail. Finally, some directions for future research are suggested, designed to provide improved understanding of this important area of research.

**Perspectives on International Branding**

Most discussion and research on branding, whether in domestic or international markets focuses on the equity or value associated with a brand name and the factors which create or are the underlying source of value (Aaker, 1996; Kapferer, 1997; Keller, 1998). Considerable attention has, for example, been devoted to examining how the value embodied in a brand and its equity can be extended to other products without resulting in dilution of value (Aaker and Keller, 1990). This interest has been stimulated in part by the increasing market power and value associated with a strong brand and in part by the prohibitive costs of launching a successful...
new brand. In international markets, interest has been centered around global branding - defining the meaning of a global brand, discussing the advantages and pitfalls, and the conditions under which building a global brand is most likely to be successful (Roth, 1995a,b; Quelch, 1999).

While this focus is appropriate for a relatively few high profile brands such as Nike or Coca-Cola, it ignores the complexity of the issues faced by the vast majority of multinational firms who own a variety of national, regional and international brands, at different levels in the organization, spanning a broad range of diverse country markets. Typically, these brands differ in their strength, associations, target market and the range of products covered, both within and across markets. Equally the use of brands at different organizational levels may vary from company to company. Some firms such as Sony, IBM or Phillips emphasize branding at the corporate level. Others such as Beiersdorf mostly have brands at the product business level, such as Nivea and Juvena, while yet others such as P&G, have primarily product level brands.

In determining whether to emphasize branding at the corporate level as opposed to the product level or whether to adopt a hybrid structure, the firm needs to consider the role of corporate image as well as the diversity of its product businesses. Corporate brands provide strong identity for the firm's products in the marketplace, but do not enable differentiation of specific product businesses or product lines. Equally, negative publicity relating to a specific product or the firm's policies will affect all products and product businesses. Product-level brands facilitate differentiation from competing products, but may be less cost efficient and result in loss of potential synergies. The number of brands at each level of the organization and the range of product lines across which a brand is used, must also be considered. Parsimony in the number of brands helps to achieve cost efficiencies but may weaken brand strength if used across highly diverse product lines. Multiplicity of brands facilitates responsiveness to specific customer or segment needs and clear product differentiation, but may be cost inefficient and hamper building of a strong position in the marketplace.

As the firm expands in international markets, issues relating to brand architecture become even more complex. In addition to determining the number of levels in the hierarchy, another dimension, namely the degree of brand coordination or standardization across countries, needs to be assessed. Of key importance is whether to use the same brand name in different countries, leveraging brand strength across boundaries, or whether to focus on local brands responding to local customer preferences. Using the same brand name in different countries has the advantage of enhancing visibility and reach, but may have negative connotations in some markets or result in lack of adaptation to local market conditions and the competitive environment.
Often the nature and cohesiveness of a firm's international brand architecture depends on how it has expanded internationally, and how its international operations are organized. Some firms, such as P&G, have expanded through leveraging strong domestic brands in international markets. Consequently, as they seek to expand further, they have to consider whether to develop brands geared to specific regional or national preferences. Others such as Nestlé and Unilever have traditionally adopted country-centered strategies, building or acquiring a mix of national and international brands. Such companies have to decide whether to move towards greater harmonization of brands and integration of their brand architecture across countries, and if so, how to do so. Furthermore, if the company expands through acquisition or strategic alliances, the question of whether and how brand architectures of different firms are merged, arises. In particular, how far and in what way branding structures are integrated or harmonized across countries has to be determined.

International Brand Architecture

A field study of consumer goods company executives based in Europe (Douglas, Craig and Nijssen, 2001) was conducted to gain some insights into their international brand architecture, and how these were evolving. Of particular interest were the dominant patterns of international brand architecture and how these varied across firms. The factors that underlay the formation of these patterns were also studied as well as how these were evolving in the light of the changing international environment. Also of interest, was whether or not the firm had an explicit international brand architecture, or policies for harmonizing national branding structures and for managing international brands.

The study consisted of semi-structured interviews conducted with 24 senior executives. These executives were either at the product division level in major consumer goods companies, or in advertising agencies, market research companies, and consulting companies who were responsible for international brands and branding strategies. All were based in Europe, either with European companies, or the European divisions of major U.S. companies. This information was supplemented by secondary data - such as company reports, journal and newspaper articles on other companies, etc.

The interviews typically lasted between one and a half to two hours and followed an interview protocol relating to the firm’s branding strategy in international markets. This covered issues relating to the firm's brand architecture and how this had evolved, as well as the relative importance placed on corporate as opposed to product level brands. The underlying rationale, as well as whether the firm had an explicit policy with regard to
international brand architecture and the management of brands in international markets were also discussed, as well as issues relating to the international co-ordination of national branding structures and policy.

**A Framework for Examining International Brand Architecture**

Overall, the results of the study suggest that a firm’s international brand architecture can be categorized based on three key dimensions: the level of the brand within the organization; the geographic scope of the brand (i.e. the number of countries in which the brand is marketed); and the product scope (i.e. number of products on which the brand was used). These three dimensions provide the basis for defining their role in the firm’s international marketing strategy as shown in Figure 1.

**Organizational level:**

The primary dimension for classifying brands is their level in the organization. This ranges from the corporate level, the product business or group level to the product or product variant level.

*Corporate* brands rely on the use of the corporate name or logo to establish brand identity in the market place. For Phillips, Benetton, Shell, Apple and Nike, the corporate logo is an important element in creating a visual identity for the firm (Schmitt and Simenson, 1997). Use of corporate branding typically occurs among firms organized by product lines or divisions, often with a highly centralized structure.

*Product business* is the next level of branding. Typically, firms with a number of diverse product businesses tend to emphasize brands at the product business level. For example, Unilever uses names such as Walls and Algida for its ice-cream business, and uses the Calvin Klein brand in personal products. Similarly, Philip Morris has multiple cigarette brands and uses the Kraft brand for its cheese products, Nabisco for its biscuits, and Miller for its beer.

*Product* is the third level. For example, P&G uses the Pampers brand for diapers in North America, Latin America, Europe, Middle East, Africa and Asia, and owns brands such as Camay in personal hygiene and Pert Plus and Pantene in shampoos. This is most common where marketing and advertising strategy are developed and managed separately for each product line, as, for example, by brand managers.

**Geographic scope:**
The second dimension is that of the number and breadth of markets in which the brand was used. This is clearly related to the level of branding insofar as corporate brands were invariably used in all markets in which the company sold its products. However, at the product business level and more frequently the product level, the same brand is not necessarily used in all geographic markets in which the product business operated. The geographic scope of the brand could therefore range from global, regional or several country markets to a single country market, or even a region within a country.

**Global:** Corporate brands are invariably global in scope unless the company only operated in a limited number of geographic markets or regions of the world, as for example, Kao. At the product business or product group level some brands are global, especially where the company is organized by product division. For example, the Nivea brand is used worldwide by Beiersdorf for its skin products. Equally, Mars uses the Pedigree brand name for its dog food products worldwide. At the product level, brands are also sometimes global in scope. P&G typically uses the same product brands worldwide, for example, Pantene, Head and Shoulders, Pert Plus and Pampers. Equally, Unilever owns international brands such as Bertolli olive oil and Lipton tea, and has obtained through the acquisition of Best Foods, Hellmann’s, Knorr dehydrated soups, and condiments, etc.

**Regional:** in some cases, product division or product group brands are regional or used in some markets or regions but not in others. For example, Unilever uses the Walls brand for its ice-cream business in the U.K. and all new markets it enters, such as China, except those where a local ice-cream business with an established brand such as Ola or Algida has been acquired. Similarly, Nestlé has a number of regional brands at the product division or group level, such as the Stouffer brand name used on frozen foods in the U.S., and the Contadina brand of tomato and spaghetti sauce products (Parsons 1996). Product level brands are also sometimes regional in scope, as for example, Euro-brands, or brands used on products in Eastern Europe. In the detergent industry, brands are often regional in scope. For example, P&G has brands such as Ariel and Vizir in Europe, and Tide and Cheer in the U.S.

**National:** equally some brands are national in scope. These are typically at the product level, except in the case of extremely large national markets, such as the U.S. or China, where companies may have product businesses that operate independently or only have operations in that market (for example, Unilever's Stouffer frozen entrees and dinners is only used in the U.S.).
In some instances these brands relate to niche products that are sold in a single or at most two country markets, such as Nestlé's Marmite brand of vegetable extract, which is marketed only in the U.K. and in Australia under the Vegemite brand. In other cases, the same or very similar products may be sold in different countries under different brand names, as, for example, Unilever's low fat margarine is sold under the name Flora in the U.K. and Germany, and Promise in the U.S.

Product scope:

The third component is related to the number of product lines on which a brand is used, or conversely the diversity of brands within a given product line. Beiersdorf uses the Nivea brand name for its major product lines including, skin care, lip care, hair care, body wash, deodorant and hand care products. The Futuro brand is used for health support products such as hosiery and arm supports. The Juvena and La Prairie brands are used for advanced skin care and cosmetic products. P&G uses a range of brands within most of its product lines. For example, P&G has 23 different brands of powder detergents including Ariel, Cheer, Fairy, Tide and Vizir. In addition, P&G has 12 liquid detergents. All but three of these are also powder detergent brands. P&G also has six brands of bar detergents and two of the brands, Ariel and Tide, are used for powder and liquid detergent.

The range of products on which a brand is used is both a function of the level of the brand within the organization, and the diversity of the firm's product offering. At the corporate level, the number of product lines on which the brand is used will depend on the number of product businesses of the firm and the diversity of their product lines. For example, the Disney brand is used on movies, books, plush toys, clothing, theme parks, etc. Similarly, the Phillips brand is used on all the firm's product businesses, on products ranging from TVs and audio-equipment to light bulbs.

Equally at the product business or group level the range of products which a brand covers is likely to be a function of the breadth of the product lines in the business or product group. In some cases, however, a firm may have different brands for different product lines that are targeted or positioned toward different customers, as for example, private label, or premium vs. mass-market segments, or different age groups. For example, Benetton has the Sisley clothing brand targeted to young fashion conscious consumers, as well as the Benetton brand.

Typology of Branding Structures
Consistent with the typology proposed by Olins (1989) and the findings of a single country study by Laforet and Saunders (1994), this study revealed three major patterns of brand architecture: corporate-dominant, product-dominant and hybrid or mixed structures. (See Figure 2) There is, however, considerable variation even within a given type of structure depending to a large extent on the firm’s administrative heritage and international expansion strategy as well as the degree of commonality among product lines or product businesses. In addition, these structures are continually evolving in response to the changing configuration of markets or as a result of the firm’s expansion strategy in international markets.

**Corporate-dominant** architecture tends to be most common among firms with a relatively limited range of products or product divisions, or with a clearly defined target market, e.g. Shell, Kellogg’s, Nike, Benetton, etc. **Product-dominant** architecture, on the other hand, is typically found among firms such as Akzo Nobel with multiple national or local brands, or firms such as P&G or Mars that had expanded internationally by leveraging “power” brands. The most common are **hybrid or mixed** structures, consisting of a mix of global corporate, regional and national product-level brands, or corporate endorsement of product brands or different structures for different product divisions.

Both corporate and product dominant structures are evolving towards **hybrid** structures. Firms with corporate dominant structures are adding brands at other levels, for example, the house or product level, to differentiate between different product divisions. Product-dominant structures, on the other hand, especially where these emphasized multiple local (national) brands are moving toward greater integration or co-ordination across markets through corporate endorsement of local products. These companies also vary in the extent to which they have a clearly articulated international brand architecture to guide this evolution. Some, for example, lay out the different levels at which brands were to be used, the interrelation between brands at different levels, and the geographic scope of each brand and the product lines on which a brand was to be used, while others have few or no guidelines concerning international branding. (For an example of Nestlé’s international brand architecture, see Parsons, 1996)

**Corporate-dominant branding**

A few of the companies studied have a very simple brand structure based on the corporate name, as for example, Shell, Phillips, etc. In general, these are business-to-business organizations with a heavy emphasis on corporate branding, or a relatively narrow and coherent product line. Other cases include consumer goods companies focused on a global target segment such as Nike or Benetton (Court, et al; 1997). Their prime
objective is to establish a strong global identity for the brand rather than respond to local market conditions. A recent survey showed that the top ten brands worldwide were all corporate brands (Khermouch, Holmes and Ihlwan, 2001). In some instances, the corporate logo and visual identification (Apple and Nike) plays a major role in identifying the brand and defining brand image worldwide.

**Product-dominant branding**

Other companies as, for example, P&G and Reckitt Benckiser use a product-dominant strategy. This strategy is common among U.S. firms who had expanded internationally by leveraging "power" brands, as, for example, P&G with brands such as Camay and Pampers. Firms with domestic product dominant structures that have expanded by acquiring national companies often acquire a substantial number of national and local product brands, in addition to their own global and regional product brands. For example, Reckitt Benckiser has international product brands such as Dettol, Woolite, and Harpic, as well as national product brands such as Dettox surface cleanser sold only in the U.K.

A few international companies, though this seemed to be rare, have structures consisting almost exclusively of national product brands. Often these are well-established traditional brand names known for their quality and reliability. For example, Akzo Nobel owns brands such as Diamond Salt in the U.S. and Sikkens’ paint brand in Europe. Products are tailored to local preferences and product innovation is relatively low. Since customer preferences are highly localized with few links across national boundaries, management sees few potential synergies from harmonizing brands across borders.

**Hybrid branding strategies**

A number of companies have hybrid brand structures with a combination of corporate and product brands. Coca-Cola, for example uses the Coca-Cola name on its cola brand worldwide, with product variants such as Cherry Coke, Coke Lite, Diet Coke or caffeine-free Coke, in some, but not all countries. In addition, Coca-Cola has a number of local or regional soft drink brands, such as Lilt in various fruit flavors in the U.K., TabXtra, a sugar-free cola drink in Scandinavia, and Cappy, a fruit drink in Eastern Europe and Turkey (Echikson and Foust, 2000).

In other cases, companies use the corporate name for some product businesses, but not on others. Mars, for example, uses the Mars name on its ice cream, soft drink and confectionery lines, but used the Pedigree
house brand for pet food. This is intended to create separate and distinct images for the confectionery and pet food businesses. Similarly, Danone uses the Dannon/Danone name on yogurt worldwide, on bottled water in the U.S. and on cookies in China and Malaysia. Danone also owns the Lu and Jacob brands which are used on biscuits in Europe, Asia, the U.S., India, and Brazil, as well as other bottled water brands such as Evian, sold worldwide, Volvic and Badoit only sold in France, as well as Kronenbourg and Kanterbrau beers, and Vivagel and Marie frozen foods in Europe.

Other companies have different brand architectures in different product divisions. For example, Unilever has predominantly global brands in its personal products division. The yellow fats division consists mostly of local brands with some harmonization in positioning or brand name across countries. Other foods are global product brands, while the ice-cream division had a combination of local and global product brands such as Magnum, Cornetto and Solero. These are endorsed by country or regional house brands such as Walls and Algida, and all share a common logo worldwide.

The Evolution of International Brand Architecture

A firm’s brand architecture is continually evolving. As it enters new countries or markets, acquired brands are integrated into the architecture, new brand extensions or product lines are added, and positioning may be modified or radically changed. With rising media, promotional costs and the trend towards globalization, brand architecture is increasingly subject to pressures at both the corporate and product level to become more cost effective and better integrated across country markets. As a result, increasingly complex brand structures are beginning to emerge, characterized by corporate endorsement of product brands in order to consolidate branding structure, and by extension of strong brands across countries and product businesses so as to achieve cost economies.

Corporate endorsement: International expansion and consumers’ need for reassurance about product quality and reliability is resulting in a shift toward corporate endorsement of product brands. This helps to forge a global corporate identity for the firm as it gathers its products under a global umbrella, thus generating potential cost savings through promotion of the global corporate brand, rather than multiple independent product brands (Melewar and Saunders, 1999). At the same time, endorsement by the corporate brand provides reassurance for the customer of a reliable corporate image and enhances visibility.
Corporate endorsement of product level brands is also increasingly used as a mechanism to integrate brand structure across country markets, providing a unifying element across product offerings. For example, Cadbury uses the Cadbury name on all its confectionery products, in conjunction with product brands such as Dairy Milk, Whispers, etc. Equally, a house brand is sometimes used on a product business worldwide. For example, Akzo Nobel places the Sikkens name on all its paint products. The relative size of the corporate or house name and the brand name varies from one company to another. In some cases, e.g. Cadbury or Nestlé, the corporate brand has equal prominence to the product name. In other cases, it is smaller and used primarily as an endorsement rather than an identifier.

In some cases, the prominence and role of the corporate brand or logo varies from country to country. For example, Douwe Egbert uses the Friesen lady logo on its coffee in all countries, but the size of the lady and also the positioning statement vary from country to country. In Spain, for example, the positioning emphasizes the richness of the coffee and the master brewer. In the U.K. it emphasizes its continental taste, and in Holland the association with family and comfort are featured.

**Brand extension:** At the same time, rising media costs, coupled with the importance of building high visibility and the need to obtain cost economies, create pressures to extend strong brands across product lines and country borders. Increasingly, new products and variants are launched under existing brand names to take advantage of their strength and consumer awareness. Mars, for example, has launched an ice-cream line as well as a soft drink under the Mars brand name. Cadbury's Milk Tray brand has been extended to desserts, leveraging the brand's association with creaminess.

Strong international brands often have high visibility and are prime candidates for brand extensions, especially for entry into new and emerging markets such as Eastern Europe or China. In some cases, a well-known brand name is used on a product line which is marketed under another brand name elsewhere. For example, Danone uses the Danone name to market biscuits in China and Malaysia in order to leverage customer familiarity with the name. Similarly, Nestlé's Maggi brand, used on sauces and seasonings, has high recognition in Eastern Europe and so was extended to frozen foods prior to divesture of this division in 1999.

**Directions for Future Research**

Building a clear and coherent brand architecture is a critical component of the firm’s international market strategy. A well articulated brand architecture provides guidance for managers and helps ensure that the value of the firm’s brands is maximized across markets. Key to the establishment of an effective brand architecture is the integration and alignment of the corporate brand and the brand structure. The increasing importance of the brand in the global marketplace underscores the need for a robust and coherent brand architecture.
architecture is the identification of how brands are used at different levels of the organization and the interrelationship between these different levels (Douglas, Craig and Nijssen, 2001). The geographic scope of each brand and the range of product categories on which a brand will be used also have to be determined. Building this architecture provides a framework to coordinate and harmonize branding strategy across countries and develop a strong and consistent identity for the firm’s products in the global market place.

Relatively few firms appear to have established such an explicit architecture nor developed the principles to guide its construction and management (for a counterexample, see Parsons, 1996). Rather, a firm’s brand structure tends to evolve on an ad hoc and piecemeal basis, as new brands are acquired or new products developed. The firm’s brand structure is thus continually changing as the firm grows, and must be monitored to ensure that this structure maintains a balance and is both internally coherent and consistent across countries and product markets.

The lack of attention among academics to examining brand architecture and understanding the principles guiding the building of an effective brand architecture in an international market setting underscore the importance of further research. First, a better grasp of patterns of international brand architecture and the key components is needed in order to identify relevant issues. Here, an important first step is to identify the role of firm-specific drivers, which account for differences between firms. Furthermore, brand architecture is continually evolving as the firm grows and expands in international markets. Consequently, research into the evolution of these patterns, and trends toward corporate brand endorsement and extension of strategic brands into other product markets and countries should be undertaken. Finally, research is needed on effective mechanisms and procedures for managing brand architecture and assigning custody for strategic brands.

Understanding patterns of brand architecture

In the first place, further research is needed to identify and understand patterns of brand architecture. In the current paper, three components of brand architecture have been identified: the level in the organization, the geographic scope of the brand, and the range of products on which it is used. These components need to be verified on a broader sample of firms. Additional elements or complexities may need to be considered. For example, the same product may be sold under different brand names in different countries. Conversely, the same brand name may be used on different product categories in different countries.
An inventory of all brands in a broad sample of firms from different industries, or of different sizes, including diversified, multi-product businesses as well as businesses with a narrow product range, should be conducted in order to verify the generality of the proposed framework. For example, the geographic scope of each brand could be measured based on the number of countries in which it is present, and the product scope, based on the number of distinct product lines on which it is used. The patterns observed for each firm can then be charted and a taxonomy developed based on differences in the patterns, for example, the number of brands at each organizational level, their geographic and product market scope.

Patterns need to be compared across industries, i.e. diversified vs. single product businesses, and by firms of different national origins, i.e. U.S., European and Japanese firms. This would help determine the extent to which product market structure or firm structure condition the emergence of different architectures as opposed to the macroeconomic environment, national organizational or other contextual factors.

Another critical issue is to determine whether certain architectures are more effective in maximizing the value of brand assets across country markets than others. While complex, research should focus on defining outcome and performance measures linked to different brand architecture and assessing the extent to which different patterns are more effective and under what conditions. While it may be difficult to isolate the impact of brand architecture from other elements of the firm’s marketing strategy, a comparison of average performance levels of firms with a similar pattern to those with different patterns will help to provide some initial insights. Performance can be assessed based on a variety of indicators, including long-term measures such as firm visibility, customer brand recognition and awareness, as well as market share, sales growth and cost efficiency at the corporate, product business and product level. Key principles in redesigning brand architecture to respond to evolving market conditions should also be studied. International markets are changing rapidly and a brand architecture that was appropriate under one set of conditions may no longer be so. This research will begin to reveal how brand strategy and organization affect firm performance. More importantly, it will suggest how brand architecture should be changed to enhance performance.

**Examining firm-specific drivers of brand architecture**

Another important issue is to examine firm-specific drivers of international brand architecture. A firm’s brand architecture at any given point in time is in large measure a consequence of past management decisions and its response to competitive realities in the market place (Douglas, Craig and Nijssen, 2001). These in turn reflect the firm’s goals and expansion strategy in international markets as well as its organizational structure and
corporate philosophy with regard to branding. Investigation of firm-specific factors can thus provide insights into how patterns of brand architecture are formed and evolve.

The firm’s organizational structure and administrative heritage often play an important role in fashioning its international brand strategy (Bartlett and Ghoshal, 1989). Firms with a decentralized or country-by-country organizational structure where country managers have substantial autonomy typically have a plethora of national brands, whereas those with a centralized structure are likely to have fewer brands launched by local managers targeted to specific local needs. Consequently, firms with a centralized structure or those organized by global product divisions are likely to have more parsimonious streamlined brand architecture. This can be investigated by comparing the number of brands at each level in firms with centralized and decentralized organizational structures.

The firm’s international market expansion strategy also impacts patterns of brand architecture and how they evolve (Douglas and Craig, 1996). Firms that have expanded by leveraging domestic corporate or product level brands are likely to have fewer brands and a more coherent architecture than firms that have expanded by acquiring other firms and hence have to absorb these brands into their structure, resulting in a multiplicity of brands at any given level. Equally, firms that have expanded through strategic alliances may have more complex, dual structures.

The significance attached to corporate identity is another factor influencing brand architecture. Firms such as Sony and Apple that focus on developing a strong corporate identity in international markets are, for example, more likely to focus and emphasize corporate level brands. In Japan, considerable importance is attached to trust in a company and its reliability. Consequently, corporate rather than product level branding is emphasized. However, companies of other national origins such as Siemens, GE, Phillips, Exxon, also emphasize corporate identity. As a result, the underlying rationale and driving force for corporate-level branding merits further investigation.

Examining the dynamics of international brand architecture

Since a firm’s architecture is continually evolving, it is important to trace this pattern over time and to identify triggers to changes. This aids in understanding the role and significance of branding in the firm’s international strategy and provides insights into the way the firm has attempted to maximize the value of its brand assets at different stages of the international market expansion.
In this context, as an increasing number of firms are endorsing local product brands with corporate level brands to develop international visibility, an important issue is to examine whether and how far this strategy adds value. This can be examined from multiple standpoints. It can be examined in terms of the consumer’s standpoint i.e. whether the addition of the corporate brand adds to customer value or enhances the brand’s visibility, increases customer recall or enhances customer loyalty and strengthens feelings of trust. Equally, the extent to which corporate endorsement of brands provides greater leverage with retailers, facilitating negotiation of improved shelf placement for the brand, a high number and greater depth of facings might also be investigated.

Similarly, the value of strategic brand extensions might be studied. As firms increasingly designate key brands as ’strategic’ international brands, which form the basis for brand or product line extensions in international markets, the impact of these extensions on brand image or brand value needs to be further examined. Extension of a key brand to markedly different product lines or categories often results in dilution. Consequently, the trade off between dilution and lower media cost or enhanced image when extending brands to different product categories, or to products with substantially different target segments or channels of distribution, might be investigated.

Equally, the importance of brand positioning consistency across country and product markets needs to be examined. Inconsistent brand positioning across countries can result in ambiguous images and confusion among customers and distributors where there is substantial movement across borders and exposure to images and products from other countries (DeMooij, 1997). Again, the impact on brand, image, strength and visibility merits further investigation.

Examining the Management of International Brand Architecture

In addition to further understanding patterns of international brand architecture and their evolution, another important issue relates to the management of international brand architecture. The crucial role of key strategic brands in international markets makes it imperative to assign custody of each brand to an individual or unit within the organization and to establish mechanisms to co-ordinate and harmonize brand positioning across markets as well as to sanction brand extensions (Aaker and Joachimsthaler, 1999).

Widely different approaches can be adopted for managing brands ranging from loosely negotiated solutions between different units within the firm, to the appointment of a brand champion with responsibility for monitoring the brand and authorizing brand extensions. The effectiveness of alternative approaches and the interplay with the firm’s organizational structure, the strength of local country managers and the importance of the brand in a given market as well as its history needs to be further examined. Better understanding of custody
procedures adopted by different firms and in different product markets, as well as barriers to their implementation, will help to shed light on these issues.

The use of various mechanisms to ensure consistency of brand positioning across countries, such as brand manuals, standardized positioning and use of corporate logos and identifiers also needs to be further studied (Schmitt and Simenson, 1997). While a wide variety of different procedures and mechanisms are used, relatively little is known about their efficacy, nor under what conditions they are most likely to be effective.

Conclusion

The central role of branding in establishing the firm’s identity and building its position in the global marketplace among customers, retailers and other market participants, makes it increasingly imperative for firms to establish a clear-cut international branding strategy. A key element of success is the framing of a harmonious and consistent brand architecture across countries and product lines, defining the number of levels and brands at each level. Of particular importance is the relative emphasis placed on corporate brands as opposed to product level brands and the degree of integration across markets. The findings of this exploratory study suggest that there is no one optimal patterns of brand architecture. Each firm has its own unique structure, depending on its prior branding history, mode of expansion, and corporate culture. Further research on these issues is critical, so firms are able to build a strong and coherent identity in international markets and sustain their positional advantage in international markets in the long run.

References


