Exploring the Essence of Brand Portfolio Management

During the past two decades research has shown that brands are among a company's most valuable assets. However, in today's competitive landscape, it is not enough to just create strong brands. The focus lies rather in managing a range of brand leverage strategies within complex brand portfolios. Moreover, the majority of today's established brand concepts do not represent the reality of contemporary brand management. Instead, they tend to be based on dichotomies and simplifications. In addition, there is a lack of criticism towards many of the established brand concepts resulting in the reduction of brand management to a number of static categories and stagnated definitions. This book explores the somewhat forgotten area of intersection, investigating the territory in-between brands.

The findings show that conventional brand management models and terminology do not fully explain common marketplace strategies and practice. As a result, this research introduces a more realistic viewpoint and dynamic framework that allows migration and iteration rather than today's static approach. The framework, named the brand leverage palette, introduces various nuances between different leverage strategies, both adding clarity and offering guidance by explaining different migration movements among today's brand portfolios. The brand leverage palette is a tool that helps brands navigate the complexities of today's marketplace, allowing them to adapt and evolve in a more dynamic and responsive manner.
In-Between Brands:
Exploring the Essence of Brand Portfolio Management

Daniel Filipsson
In-Between Brands
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Daniel Filipsson
To my parents
Preface

Branding is defined by American Marketing Associations as: “a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers”. It is a phenomenon that has grown in importance as well as interest over the last two decades (Klink and Smith, 2001; Keller, 2003a). However, the interest in branding began when the industrial revolution and mass production created a need for entrepreneurs to establish a favorable position for themselves in relation to other manufacturers. In the beginning, positioning and brand promises were mainly about functional benefits such as selling shampoo with brand promises like – “100-times more foam”. In the increased competitive landscape of today, when production and consumption no longer are a matter of strictly functional benefits (Schroeder and Salzer-Mörling, 2006), there has been a shift towards visual, emotional, symbolic and self-expressive values such as – “Because you are worth it”. Branding and strategic brand management has since the late nineteenth-century transformed from something which mainly concerned FMCG (fast-moving-consumer-goods) companies towards something that is of importance for all types of companies and organisations including B2B-companies, non-profit organisations, government and political parties. During the past two decades research have shown that brands are among a company’s most valuable assets, and something that plays an important part in everyday life – being the core focus of most marketing strategies (Kapferer, 2001; Klink and Smith, 2001; Keller, 2003a; Schroeder and Salzer-Mörling, 2006; Arvidsson, 2006).

One reason for this is that many companies are facing an increasingly competitive situation which demands long-lasting competitive advantages, something that a brand can provide since it represents a non-time limited exclusive right which can be seen as a never-ending asset (Melin, 1999). Another reason is that we live in an increasingly complex world, with individuals facing more and more choices with less and less time to make them. It is here that the attributes of a strong brand becomes interesting in terms of the ability to simplify consumers’ decision making, reduce risks, and set expectations (Keller, 2003a). Moreover, the growing competition in global markets, rising cost and clutter in mass-media advertising, need for efficiency, integrated communication and the search for alternative communication have all resulted in the greatly heightened importance of brands globally (Askegaard, 2006). Furthermore, brand issues have made it to the board-
room, with many executives considering their brand(s) an important form of immaterial capital (Keller, 2003a; Arvidsson, 2006). Brand value has acquired growing weight in financial decision-making (Arvidsson, 2006), not least since a company’s reputation and image now carry the same risk and returns as a company’s financial situation (Laforet and Saunders, 2005). An example of this importance is that 59% of Coca-Cola’s, 61% of Disney’s and 64% of McDonald’s capitalisation is attributed directly to the value associated with the corporate brand (Balmer, 2006). Moreover, for companies such as BMW, Nike and Apple, the brand represents more than 75% of the accumulated stock value. These examples show that consistent brand building results in added-value – not at least for the shareholders perspective. This has also led to brand building and brand management being considered more and more as strategic areas that management need to take into consideration (Melin, 1999).

However, in today’s competitive landscape, it is not enough to just create strong brands. There is also a need to find alternative and more cost effective solutions to every day management problems as well as for future developments and innovations. The focus lies not in constructing intangible assets (brands), but instead in managing intangible assets, considering it an established investment that needs to be managed and developed (Uggla, 2002). Contemporary brand management with its complex brand portfolios and range of brand leverage strategies (extension, co-branding, ingredient branding and mixed brands) has become more of a rule than an exception in today’s businesses (Laforet and Saunders, 1994; Bengtsson, 2002). However, as I will argue for in this research, the majority of today’s established brand concepts do not adequately take into account the myriad types of relationships, sub-strategies and migration processes that represent the reality of this area of brand management. Instead, they tend to be based on dichotomies and simplifications focusing on specific leverage strategies and therefore missing out on a more holistic perspective and the interaction in-between various leverage strategies – introducing the idea that there is a clear difference between them. It is therefore my intention to further study this somewhat forgotten research area of intersection, investigating the area: In-between brands.

Daniel Filipsson
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1. Introduction

“In branding much is said, much is claimed, much is being done, but there remains much to be known”
Laforet and Saunders (1994:75)

Although there has been heightened activity in recent years, academic research in branding has a long tradition (Haire, 1950; Gardner and Levy, 1955; Levy, 1959; Allison and Uhl, 1964; Dictier, 1964). One area of increasing importance is the brand leveraging process (Keller, 2003b), meaning making use of an existing brand in new and creative ways either through extensions and/or through linking a brand to another person, place, thing, or brand. During the last years, while working practically with brand management strategies I have made observations that indicate a gap between many contemporary brand and management models, and today’s fast-changing marketplace. This gap or lack of consistency is also something that has been noticed and described in recent academic journals and brand literature with examples such as Hill and Lederer, (2001), Keller (2003b) and Uggla (2005).

Linked to this gap are observations that many management executives and brand managers are finding it increasingly difficult to cope with the reality of an increasingly dynamic market (Guild, 2003; Balmer and Greyser, 2003). From a brand management perspective, this means managing organisational and strategic changes in order to adapt their brand portfolios to shifting trends, competitive responses, mergers, strategic brand consolidations and new-product launches while also managing the natural life cycle of their brands. However, while observations like these are nothing new, they become compelling when combined with the following insights: First, most contemporary companies have multiple brands in their brand portfolio these days, making it obsolete to talk about a company’s “brand” anymore (Laforet and Saunders, 1994; Guild, 2003; Copeland, 2003; Aaker, 2004b) especially since on of the most important work being done today is about much more than individual brands (Hill and Lederer, 2001). A case in point is that three-quarters of all Fortune 1000 consumer goods companies carry 100 brands or more. On average, each of these US companies manages 240 different brands (Guild, 2003). Second, brand leverage (making use of their existing brands in new and creative ways) is used to a higher level than be-
fore with brand management in hopes of maintaining market share, cash flow and loyalty (Tauber, 1988; Aaker and Keller, 1990; Uggla, 2002; Keller, 2003a; Aaker, 2004a). One illustrative example is that extension of a brand into a new product category (brand extension) has become something of a predominant new product strategy resulting in, according to Völckner and Sattler (2002), that more than 90% of new product introductions (in many product categories), being brand extensions.

The main concern for many management executives is therefore not how to create and manage a strong brand (Aaker, 2004a), but rather how to best manage and balance the collection of brand identities in a firm's portfolio, something that could be done in many ways, from corporate dominant strategies to the use of furtive brands (Laforet and Saunders, 1999), or through what is known as house-of-brands versus branded-house (Aaker and Joachimstahler, 2000b). Since taking action with one brand often means doing so with another, it is not practical to evaluate each brand in isolation. Companies must instead appoint a dynamic and flexible portfolio approach that can ensure that the entire portfolio moves quickly (Carlotti, 2004), meaning that it is more important to look at what supports the success of all brands rather than one single brand (Aaker, 2004a). It is therefore central to have an articulated but adaptive brand structure that can support the business strategy by replacing waste with synergy, confusion with clarity and missed opportunities with leveraged assets (Aaker, 2004a). For companies that succeed, setting the portfolio strategy is not a onetime event – it is a living, breathing part of the day-to-day business (Carlotti, 2004).

The tendency towards ownership of multiple brands has led to many management executives facing a multifaceted and overlapping brand portfolio with various levels of individual brands, sub-brands, co-brands, ingredient brands and endorsed brands (Laforet and Saunders, 1994; Blackett and Boad, 1999; McCarthy and Norris, 1999; Aaker and Joachimstahler, 2000a). Today’s contemporary organisations face new and more complex challenges due to the emergence of various branding categories (Balmer and Greyser, 2003), challenges that have increased the complexity of brand architecture (Aaker and Joachimstahler, 2000b; see Balmer and Greyser (2003) for review of Balmer, 2002). Moreover, brand leverage, if managed correctly, could be a powerful and versatile tool but used without caution, it can create excessive cannibalisation, confused positioning and price premium erosion (Uggla, 2002; Aaker, 2004a). Furthermore, the rapidly changing marketplace leads to new considerations when it comes to choosing between the countless number of brand concepts, models, theories and definitions that are available – all urging for attention. The concept of brand extension is one good example of this, where you as a brand manager or a researcher are introduced to several definitions such as franchise extension (Tauber, 1981), product class extension (Aaker and Keller, 1990), horizontal extension (Scheinin and Schmitt, 1994), brand extensions (Aaker, 1996) and category
extensions (Keller, 1998). To complicate it even further, brand and line extension, are in some literature, often treated as one and the same thing. This is however not the case since brand extension is about using a established brand on a new product in a new product category, while line extension is the use of a established brand for an new offering in the same category. There is therefore an overall uncertainty among many management executives, brand managers and marketers about how to best use the full potential of brand leverage in a brand portfolio strategy. For these and other reasons, management executives, brand managers and marketers need a more realistic and comprehensive approach that can be applied to both traditional brand systems as well as emerging forms of brand leverage, in and/or outside the own organisation.

From a more conceptual perspective, many of the established brand models divide different brand strategies into separate categories, something that gives them a somewhat static character. The positive aspect is that it is easy to understand, yet the downside is that managers miss out on such things as the migration and iteration that more and more brands experience over their lifecycle. “The core association that determines a brand’s meaning can and does change over time” (Farquhar et al., 1992:33). In summary, this has resulted in the failure of conventional brand management models and terminology to fully explain common marketplace strategies and practice.

1.1 Problem area and research motives

Brand management has grown to challenge product management and industrial production. Besides this, branding has emerged as an interdisciplinary research area, drawing from management, marketing and allied fields (Schroeder and Salzer-Mörling, 2006). However, the area of brand management has lagged behind and needs to continue to evolve, influenced by areas like brand culture that has broadened the perspective of branding by including cultural, sociological, and philosophical enquiry. In order to understand the complexity of branding, there needs to be interplay between different research disciplines and managerial areas (Schroeder and Salzer-Mörling, 2006). In accordance, brand management cannot be understood to its full extent if one excludes the complex internal and external interplay that exist between various brand portfolio strategies and leverage directions – there is a requirement of tools based on integrative thinking. This type of broader perspective is critical to advance branding theory and practice, both in general and within brand leveraging in particular since there is a danger in adopting too narrow perspective, something that will result in a lack of the richness necessary to provide more integrative and powerful theoretical insights and marketing solutions (Keller, 2003b). A more holistic and dynamic approach is also needed to capture more dimensions, both methodologically
in terms of tools and models as well as conceptually and managerially in
terms of recognising how various concepts and mechanisms proposed in one
area might be relevant and provide insight into other areas (Keller, 2003b).
In summary, there is a lack of criticism towards many of the contemporary
brand concepts within the field of strategic brand management resulting in
that brand management has been reduced to a number of stagnant definitions
and terms rather than representing a modern and more dynamic approach.
The need to adopt a broader, more holistic perspective that synthesises the
multidimensionality of brand knowledge is something that has also been
recognised as an important issue for future research (Keller, 2003b).

Moreover, it is necessary that brand management in the same sense that
brand culture moves beyond simplistic notions of branding, commits to its
own journey and move away from one dimensional thinking into a more
multifaceted understanding of brands and brand management, grounded in
interdisciplinary perspectives. The above describe criticism (brand culture)
could be described as being based on an externally driven perspective on
brand management. This external perspective also applies to the criticism on
brand management that Arvidsson (2006) present in his book “Brands:
meaning and value in media culture”, which evaluates new media and argues
for a systematic and more contemporary brand management theory – pre-
senting new brand building methods and techniques. I agree with much of
this externally driven criticism, but in contradiction to their critique, this
research is based on an internally driven critique towards strategic brand
management.

This research, and its internally driven critique, is based on the argument
that today’s reality does not align with the static framework of today’s estab-
lished brand concept, but rather exists in the intersection in-between the
separated segments described in each brand model. A key problem with
conventional brand management concepts and models is that they almost
entirely ignore the territory in-between brands. However, there has been
research touching on this area of interest, with Park et al. (1996) and Aaker
(1997) introducing the concept of “composite branding” as two examples.
However, this more than 10-year-old research has to a large extent still not
been further developed (with Hill and Lederer (2001) as one exception) and
therefore still remains relatively limited. By only offering one-sided meta-
phors, the researcher and practical marketer are invited to exclude the com-
plexity and reciprocity in the area in-between brands. Especially since the
intersection in-between brands have grown into the area where the greatest
brand value is being created (Hill and Lederer, 2001). It is therefore impor-
tant that this space is closely explored in order to understand the nature and
logic of brand leveraging (Uggla, 2005). Moreover, many of the established
brand models are often divided into static categories which therefore miss
out on the intersectional issues between the various categories, described by
Uggla (2005:2) such as: “By constantly ignoring what is happening between
brands, marketers have created an under-researched area and a very simplified worldview that does not take into account important leveraging processes between brands.”

In summary of the motives driving this research there is a need to identify, describe and explain the territory in-between brands, both for academic researchers as well as practitioners, in order to adjust common definitions and concepts that do not apply in the same sense as before. However, it is important to note that it is neither my intention nor my aspiration to create a new system with additional definitions but rather establish a different and more realistic viewpoint and framework that is based on convergence and allows migration/iteration rather than today’s static approach.

1.2 Aim and research questions

The aim of this dissertation is to explore brand portfolio management from a leverage perspective, and to identify and describe intersectional issues and potential gaps with contemporary brand leverage models and their classification system. This overarching aim is further divided into the following four research questions of which the first three are conceptual based while the fourth is empirical based.

Research question 1:
  - How can the intersection between house-of-brands and branded-house be described from a conceptual perspective?

Research question 2:
  - How can the intersection between co-branding and brand extension be described from a conceptual perspective?

Research question 3:
  - How can the intersection between co-branding and ingredient branding be described from a conceptual perspective?

Research question 4:
  - How does the market (practitioners) describe brand leverage and related intersectional issues and what could be learned from its practical application?
1.3 Outline of the dissertation

The structure of this dissertation is divided into six different main sections (see figure 1 on next page):

1. The first section (chapter one) describes changes in current attempts at managing brand portfolios as well as the problem area and the research motives of this research. Moreover it also presents the overall aim as well as the research questions of this research.

2. The second section consists of an introduction to the area of branding (chapter two), describing general brand theories and its background (definition, brand history, brand research development, brand equity and brand – a valuable asset). This section also covers the frame of reference (chapter three), including a literature review of brand portfolio and brand leverage theories. This section ends with the conceptual research model and propositions.

3. Section three (chapter four) consists of three emerging intersectional issues identified in the literature review, which is being explored and analysed both individually and summarised as a whole. This section also includes identification of a few overlooked factors in the brand leverage discussion and ends with a conceptual summary including an evaluation of the propositions as well as an introduction of a revised viewpoint for brand leverage. The three intersectional issues explored in this section are:
   - The intersection between house-of-brands and branded-house
   - The intersection between brand extension and co-branding
   - The intersection between co-branding and ingredient branding

4. The fourth section (chapter five) consists of the methodology as well as the empirical research model used in the search for additional data.

5. The fifth section (chapter six) consists of the full transcripts of the empirical research covering seven case-companies, contributing with practical knowledge about brand leverage and brand portfolio management.

6. The sixth section presents the analysis (chapter seven), the overall conclusions and contributions (chapter eight) as well as recommended areas for future researchers (chapter nine).
Figure 1: Research outline
2. Introduction to branding

This chapter will provide an introduction to the field of branding including a discussion of the brand definition, historic development, what could be described as the essence of a brand – brand equity – as well as why it is considered a valuable asset.

2.1 General brand theories in brief

“In the 21st century, branding will ultimately be the only unique differentiator between companies.”
Fortune Magazine (Presented by Melin, 1999:15)

2.1.1 Brand definition

The idea of a brand can be interpreted in many different ways. One important distinction is to separate a brand from a name. A name is a necessity but not sufficient for a brand. The reason for this is that you can like or dislike a name, but it is not before you know something about the product or service that you can add associations to the name. In other words, a brand is built on something that makes us remember it (name, symbols) plus the further associations that are made when we think or get in contact with it (Håkansson and Wahlund 1996).

Reviewing the literature, one soon realises that there is a broad range of brand definitions, covering everything from technical definitions to the more physiological aspects. One of the well-respected marketing academics, Philip Kotler, has his own definition – a definition that highlights the importance for a brand to differentiate itself from its competitors: ”A name, term, sign, symbol, or design, or combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” (Kotler, 1997:443). Another definition that covers more functions of a brand is presented by de Chernatony and McDonald (1998:20): ”A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely. Furthermore, its
success results from being able to sustain these added values in the face of competition”.

According to the latter definition a brand’s strength is estimated based on the dimensions that the user finds relevant, dimensions that will differ between buyers, users and products. This is due to consumers seeking different benefits from a can of Coca-Cola than from a bike. However, in both cases the brand gives the consumer an added value, regardless of whether it is about taste or status (Håkansson and Wahlund 1996). Differing accounts of what a brand is reflect the various ways one can look at a brand and which perspective is chosen. It is therefore not true that a brand always has the same function. The truth lies rather in that brand functions can differ from situation to situation and from whose perspective one chooses to use (Håkansson and Wahlund 1996). The first of five brand functions (from a brand owner’s perspective) that Melin (1999) describes is the brand as an information carrier, something that in many cases could be seen as the basic function. This means that brands carry facts about a product such as content, quality and price, facts that are based on functional characteristics that are presented through rational argument. The second function is that a brand can act as an identity carrier, which in contrast to the former, is based on emotional arguments such as the name of the product, its history and heritage. Other functions for a brand could be to act as a positioning instrument, differentiator or growth generator exploiting the inherent value of the brand through various means of brand leverage. The potential for a brand is based on whether it stands for something unique and something attractive to the user.

2.1.2 Brand history

The modern brand is a relatively new concept. However, the idea of putting a label, a name or a seal/symbol on goods to show its origin has been around since the Bronze Age, when people burn-marked their cattle to show their ownership. In fact, the word “brand” is derived from the Old Norse word brandr, which means “to burn”, as brands were and still are the means by which owners of livestock mark their animals to identify them (Keller, 2003a). The use of a brand or a seal was also common among Romans during their trade expansion in the Mediterranean, something that had an impact on transforming the practice to a widely used method to secure quality and to show a product’s producer/origin.

The more modern brand had its origins in the late nineteenth-century with the introduction of factories and with them mass-production, mass-distribution and mass-communication. In the beginning, brands were created as a way to help the consumer distinguish one manufacturer’s products from another. The idea was to create a bond with the consumer so that they preferred your specific brand. This strategy was very successful and some of the
brands created during this time are still vital on today’s marketplace. Many of the first brands had the same name as the manufacturer (Mr. Gillette, Mr. Kraft and Mr. Lipton), but there were also other examples (American Express, Coca-Cola and Kellogg’s) of brands that were invented. During the 1950s and the 1960s, often called the golden era of the manufacturer brands, the interest in brands received a boost. A key reason for this was a fast growing economy which, together with enhanced marketing, increased the demand for consumer goods. The manufacturers’ domination lasted until the 1970s when retailers started to launch their own brands, developing into what is usually referred to as “the battle of the brands”, in other words the battle between brand loyalty and retailer loyalty (Håkansson and Wahlund, 1996; Melin, 1999).

In the beginning of the modern brand, products were sold through “rational” marketing campaigns. However, as the markets matured and the products became more similar, companies started to market their brands through image and lifestyle – creating different personalities around their brands. The work of differentiating a brand became a central question for companies in the quest to become more competitive. However, the focus was still to a large extent on production, something that did not change until the 1980s when a shift towards building a brand or producing a brand, rather than products occurred. The main focus became the brand’s image and a company’s main task was marketing (Klein, 2000). This way of working is generating more and more impact, resulting in more and more companies considering their brand as one of their most valuable assets, which also leads to management executives understanding the importance of actively working with them.

2.1.3 The development of the brand research area

Brand management is sometimes used as an overarching definition of brand research based on a brand owner perspective. The research within this field is relatively fragmented and examines several, partly separated areas. One reason to this could be that the research area is somewhat new. According to Melin (1999), brand management could be divided into two main areas: one classic and one modern. The classic brand research could be traced back to the 1920s and is based on either marketing or an organisational perspective. The modern brand research on the other hand, was born during the late 1980s with the wave of acquisitions that took place during this era in Europe and the US. This research direction is mainly based on either a financial or an accounting perspective.
These two research areas are merged by the concept of brand equity, introduced during the 1980s, which both areas discuss, but from a different point-of-view. The classic direction looks at brand equity and discusses how it is built up, how it could be managed and how one can enhance it. The modern direction on the other hand discusses how brand equity can be calculated and how the value could best be presented to different stakeholders. Moreover, the future of brand management (according to this research) lies in the area in-between brands which is the focus of this dissertation.

2.1.4 Brand equity

In the 1980s, brand equity grew to become one of the most important and central concepts in marketing. However, there has been some confusion as to what this term actually means, since there are a number of different definitions of the concept. Keller (1998) states that most scholars agree that brand equity is the marketing effects that can only be ascribed to the brand. This means that the result of a marketing campaign will differ for a specific product or service depending on what brand it derives from. Thus, the brand equity shows the part of a company’s assets that can be deduced to the brand, its name and its symbols, or as Aaker (1996:7) describes it: “Brand equity is a set of assets (and liabilities) linked to a brand’s name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or that firm’s customers.” Moreover, Aaker (1996) suggests that brand equity consists of four foundations; brand awareness, brand loyalty, perceived quality and the brand’s associations. Furthermore, there is also a fifth factor called “other” brand assets, which includes legal assets such as patents.
Brand loyalty
- The core of brand equity and an indicator of the company’s future profits. This factor fills an important function as a barrier to competitors, since loyal consumers make it less likely for competitors to take hostile action and since these consumers also play an important part when a company wants to secure its market position. It should also be pointed out that brand loyalty affects the other dimensions of brand equity.

Brand awareness
- Has a great importance since the greater it is, the larger the chance that consumers will choose the company’s product. An unknown brand has in most cases a small chance of being chosen. Furthermore, brand awareness is an asset that grows with time, as the brand is exposed to and used by consumers. According to Aaker (1996), brand awareness is of great importance for four principal reasons. First, brand awareness is the basic foundation that is needed to be able to communicate the attributes connected to the brand. A second reason is that the awareness creates a relationship between the producer and the consumer. A third reason is that a well-known brand equates to quality in the mind of the consumer. Finally, consumers choose between brands that they spontaneous associate with the category.

Perceived quality
- Perceived quality is something that has a great effect on profitability. Awareness is also vital for trial purchases, but for repurchases the perceived quality is decisive.
**The brand's associations**

- Are those associations that can be connected to the company and its brand(s). Association means what is directly, or indirectly, linked in the consumers’ mind to a specific brand. Aaker (1996) implies that associations create value for the company by: (1) Helping the consumer to understand information (2) Differentiating the brand (3) Giving the consumer reasons to buy (4) Creating positive feelings/attitudes towards the brand, and (5) Facilitating brand extensions.

Finally, brand equity is according to Melin (1999) a concept that has been developed for the purpose of integrating a brand’s assets and strengths. The interesting part with brand equity is that it can be discussed both from the brand owner’s perspective as well as from the consumer’s perspective. This is natural since the brand both creates value for the consumer and for the brand owner.

### 2.1.5 Brand: a valuable asset

Brand management with a focus on marketing has developed as a part of the marketing management tradition that was created during the 1950s (phase one). Brands were at this time only considered a product attribute, a tactical tool in the sale process, something that has its origin in the dominant model at the time: the marketing mix (Borden, 1964). The marketing mix was initially based on 12 different ingredients, including brands. However, the mix of different means of competition that later came to be the established view only consisted of four areas, called the 4Ps – product, price, place and promotion (McCarthy, 1960), in which brands were subordinated to the product classification – the brand was viewed as an extension of the product.

From the early 1960s onwards (phase two), the most influential thinkers within marketing and business administration agreed that companies had to develop and introduce a steady stream of new products to be able to survive. This view was based on the conventional idea that products have a short lifecycle creating a need for repeatedly new introductions. The idea behind this view, the product life cycle, is a model which looks at products in a similar way to the human lifecycle, following these five phases: birth, growth, maturation, stabilisation and stagnation. The power of this metaphor had, and still has to some extent, a strong influence on promoting the product as the central strategic anchor of which every long-term strategy should be based on. However, this practice with its focus on the product supported the diminishing of other important components. This is not to say that products are not important and that product innovation should not be something central in most companies. The problem was to be found in the product lifecycle often being described in an unrealistic way, as a resource that had its
own life, disconnected from strategic, immaterial resources. This dominating product focus lead, according to Tauber (1988) and Uggla (2002), to over-investing in R&D in the 1970s.

This trend was subsequently revised and was followed by a more ethical and environmentally based debate, due to the oil crises (phase three). The focus changed towards cost control and how a company’s resources could best be re-cycled and capitalised, something that also influenced the view of how growth strategies should be formulated. Tauber (1988:27) describes this trend as follows: “Most consumer-oriented firms had a large staff or department of new product specialists whose task it was to bring into existence the perpetual flow of new products that would form the future of the company. By the 1980s, many marketers were questioning the new product myth”.

The revised view also affected the relationship between the product and the brand, creating a new insight into a company’s assets not necessarily needing to be re-created all the time. Rather a company could capitalise on existing assets. The asset that I refer to is a company’s brand(s). Companies started to understand that their brand(s) could be the strategic centre around which new products could be developed and introduced to the market. The customer usually does not know that much about a company’s production resources and its technology, but rather establish some kind of perception, positive, negative or neutral, towards a brand(s) (Uggla, 2002). Today’s strategy and new product launches are therefore based on established brands instead of the dominant principle in the 1970s where a new brand was created for each new product, also referred to as the house-of-brand strategy (Aaker, 2004a).

One mechanism to the intensified debate around brands as a valuable asset was the increased amount of strategic acquisitions during 1988. One such large acquisition in Europe was the Nestlé purchase of Rowntree including brands such as After Eight, Kit Kat and Smarties for 4.5 billion dollars, a price five times higher than the booked value. The biggest acquisition in the US was Philip Morris paying 12.9 billion dollars for Kraft, a price four times higher than the booked equity (Melin, 1999). During the next months in 1988, more international companies with a strong brand portfolio were acquired at a total value of 50 billion dollars. In all these cases, the higher price was motivated by the value of their brand(s). This wave of acquisitions was the start of a new era for brands, as noted by The Economist that declared 1988 as – the year of the brand.

Brands as a phenomenon continued to develop in the beginning of the 1990s (phase four), when the strategic potential of brands started to become noticed, a potential based on a view of brands as an important and independent competitive strength. This brand era started with Aaker’s (1991) book “Managing Brand Equity”, which discussed brand value from an external (outside-in) perspective, and continued with several researchers who looked
at the brand from a more internal (inside-out) perspective (Kapferer, 1992; Aaker, 1996; Urde, 1997; Melin, 1999). With this new thinking came a new sort of research, a research called strategic brand management. Characteristic of this research direction is that it tries to clarify in what ways a brand can contribute to a company’s long-term competitive strength, profitability and ability to grow through building, measuring, and managing customer based brand equity (Melin, 1999; Keller, 2003a). It is also important to notice that the product is decentralised in this perspective and that the brand holds the central position. The brand is also considered the starting point, something which is illustrated by de Chernatony and McDonald (1998:20); ”A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely”.

The interest for brands has grown during the past two decades and is now considered one of the most valuable assets for many companies (Klink and Smith, 2001; Keller, 2003a). Creating and enhancing the strength of a company’s brand has become a management imperative for today’s companies (Keller, 2003a). One reason for this is that we live in an increasingly complex world, with individuals and businesses facing more and more choices but seemingly having less and less times to make those choices. It is here that the ability of a strong brand becomes interesting, in other words the ability to simplify consumers’ decision making, reduce risk, and set expectations (Keller, 2003a). Today’s focus (phase five) is not in constructing intangible assets (brands), but instead in managing intangible assets, considering them as an established investment that need to be managed, developed and sometimes even liquidated. This focus also visualises the connection between business development and brand strategies and how more and more companies’ starts to evaluate the business development process from a brand perspective and its potential (Uggla, 2002).
<table>
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<th><strong>Phase 1:</strong> 1950s -</th>
<th>Conceptual summary</th>
<th>My comments</th>
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<td>Brand = a product attribute and a part of the dominant model, the “Marketing Mix”.</td>
<td>Brands were mainly considered a tactical tool in the sales process, leading to brief considerations of strategic value.</td>
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| **Phase 2:** 1960s - | The dominant model was the “product life cycle” and the product was the centre of the business strategy. | This strong product focus resulted in a strong belief in new product launches. |

| **Phase 3:** 1970-80s | Stronger focus towards leverage and re-cycling of a company’s resources mainly based on an ethical and environmental debate. | During the 80s the product focus was questioned and a company’s brand became increasingly noticed as a strategic base, something that the segmentation, targeting, and positioning (STP) approach initiated with its focus on marketing. |

| **Phase 4:** 1990s - | The introduction of strategic brand management – brands strategic potential is noticed and developed. | During the 90s the focus was on explaining how brands could contribute to a company’s long-term strength, profitability and growth. First from an external perspective and later from a more internal perspective. |

| **Phase 5:** 2000s- | Brands have become a management imperative for today’s companies and there is an accepted connection between business development and brand strategies where the question of brand relevance is assessed as the intersection of market opportunity and company skills. | Today, the main focus is not on constructing new brands but rather on how to best manage, develop and/or withdraw from the portfolio (e.g. a mix of the internal and the external perspective). |

*Figure 4: Background overview matrix*
3. Frame of reference

After an introduction to the area of branding and to general branding theories, this chapter defines the frame of reference of this dissertation. This chapter consists of two main sections. (1) A literature review presenting an overview of some of the most influential brand models as well as related research within the areas of brand portfolio strategy and brand leverage strategies, something that will provide orientation and create a framework for this research. (2) An introduction of two key propositions emerging from the literature review as well as the conceptual model for this dissertation.

3.1 Brand portfolio strategy

Brand portfolio strategy is a field of growing importance in the business world with most contemporary companies having multiple brands in their brand portfolio. As described in the introduction of this dissertation, most of US Fortune 1000 consumer goods companies are managing an average of 240 different brands (Guild, 2003). Although very contemporary, brand portfolio strategy should not be considered another buzzword or fashion term, but rather a strategic concept that can help to harness a group of brands, create synergies among brands and establish a more effective brand strategy in general (Aaker, 2004a). Furthermore, brand portfolio strategy allows brands to stretch further and to build and support each other in new and hopefully more cost effective ways.

With the recognition of the limitations of a brand as a single entity, several authors have developed frameworks that describe brand structure (Laforet and Saunders, 1994). One of the first frameworks or systems was proposed by Olins (1989), who structured corporate identities, into: the monolithic (one name and visual identity such as in the case with BMW), the endorsed (corporate identity in association with subsidiary names with Marriott Hotel – Courtyard Hotel as one example), and the branded (products under totally different names and appearance – Unilever’s brand portfolio). It is important to notice that none of the three categories are superior to each other, but rather have their own advantages and disadvantages. However, the shortcomings of Olins simple and clean structure is that it misses some of the complexities inherent in the brand structure, particularly among marginal phenomena and nuances of connections to the master brand within the en-
dorsed category (Laforet and Saunders, 1994). Murphy (1987) and his system of corporate identity recognised some of this complexity, a system that includes the following four levels; corporate-dominant system, brand dominant system, balanced system, and mixed system. What distinguishes Murphy’s system from Olins is especially the mixed system, which recognises the extent to which companies vary the corporate and brand name depending upon the appropriateness of the endorsement that the corporate identity gives to the brand. Both systems were originally intended as a way to understand corporate identity and not as a means of managing brand structures, even though they have some benefits in their structure to do so.

Another influential framework reflecting brand structure was Kapferer’s (1992; 1997) introduction of brand architecture, based on six levels: product brand, line brand, range brand, umbrella brand, source brand and endorsing brand. The six different levels in Kapferer’s framework represent a certain role for the brand, its status as well as relationship (nominal and/or visual) with the products which the brand encompasses. The first brand strategy product brand is about individualisation (one brand, one product, one promise). The line brand, builds on an extension of a specific concept over several product categories. The range brand, is similar to line brand but differs in that it holds a more long-term perspective of the extension strategy. However, it is still a single brand name, promoted through a single promise over a range of products belonging to the same area of competence. The umbrella brand, builds on an overarching well known master brand which supports own product brands with positive associations and legitimacy. The source brand, is almost identical to the umbrella brand but with the difference that all brands in the portfolio have individual names instead of generic product descriptions. The endorsing brand, builds on a strategy where the master brand only act as a guarantor concerning a specific aspect. What made Kapferer’s framework special when it was introduced was that it not only discussed brand structure (what brands are included in the portfolio), but also discussed their strategic meaning, status, role and relationship and how that should be managed. Even though Kapferer’s framework has been copied to a large extent, it is not without criticism, mainly based on the fact that there is a subtle distinction between some of the categories that makes it demanding to follow. However, the positive implication of the framework is what it is most known for, especially regarding the detailed description of the different strategies, their starting point and their intentions (Uggla, 2001).

During the same period that Kapferer presented his architectural framework, Aaker (1996) constructed an innovative framework (brand system) of how to think about and manage a system of brands more effectively. Aaker describes six different roles that a brand can play in the context of a brand portfolio: (1) A driver role is a brand that drives the purchase decision, a brand that represents the essence and the value proposition of each purchase decision and user experience. One example of a driver role is the Sensor
brand in the Gillette Sensor razor offering (the technology and performance associated with the Sensor name). Another example is the Lexus LS 460 car, where the Lexus brand has the driver role instead of a particular car model. As one can see, which brand that has the driver role differs from case to case. There are according to Aaker even cases which have dual driver brands such as Mazda Miata. (2) The endorser role is a brand that provides support and credibility to the driver brand’s claims in terms of reassuring the customer that the product or service will deliver the promised functional benefits. The endorser role is often played, but not always, by strong corporate brands such as the case of Gillette acting as an endorser for the Sensor razors or HP endorsing their Laser Jet printers. (3) A strategic brand is a brand that is important for the future performance of the organisation, either through representing a meaningful quantity of sales and profits or being the linchpin of the future vision of the company. (4) The role of a sub-brand is that it distinguishes a specific part of the product line within a brand system, as in the case of Buick using the sub-brand Roadmaster to distinguish a specific model. Moreover, a sub-brand can be either a driver or a descriptor. (5) Branded benefits occur when the role of a brand is to brand a new feature (Oral-B and the Advantage Plaque Remover toothbrush), component or ingredient (GORE-TEX® fabric in Timberland boots), or branding a service program – all with the aim of enhancing credibility and adding a point of differentiation. (6) A silver bullet is a sub-brand or a branded benefit that is used as a mean for changing or supporting the brand image of a parent brand. A few examples are; Sony Playstation, Mazda Miata and Dodge Viper.

This framework was further developed by Aaker and Joachimstahler (2000a), who suggest that well functioning brand architecture will result in strong brands, optimal allocation of brand building resources as well as platforms adapted for future growth opportunities. Aaker’s and Joachimstahler’s brand architecture model has, in comparison to the previously described frameworks, a more holistic approach offering a broader and larger perspective on relating aspects of brand, product, market and segment. It also widens the concept from mainly focusing on descriptive brand structures, to become a part of an overarching concept connected to a company’s business strategy. However, there is also criticism of this model, mainly based on that it to a large extent is built on other well established marketing models (silver bullets (Regis McKenna), cash-cow brands (Boston matrix), and that it is a normative model which is relatively distant from practical businesses and their problems. This is not completely true since there are elements that are being adapted in the business world referring to brand relationship spectrum and portfolio roles (Uggla, 2001). According to the authors, brand architecture is an organising structure of the brand portfolio that specifies the brand roles and relationship among brands and different product/market brand context, defined by five dimensions:
1. **Brand portfolio** includes all brands and sub brands which are included in the overall offering, also meaning brands in associations with others (co-brands).

2. **Portfolio roles** highlights that all brands in a portfolio must be seen in relations to each other instead of as silos, which often leads to misallocation resources and synergy failures. The portfolio role also offers a tool for a broader view of a brand portfolio, including four brand roles, which can be used simultaneously: (1) **Strategic brands** with good future prospects; (2) **Linchpin brands** with high customer loyalty; (3) **Silver-bullet brands** which have a positive impact on other brand’s image; and (4) **Cash-cow brands** which generate margins to invest in the other three.

3. **Product/market context roles** define the different roles which brands can play in different products and markets (a more external perspective than the previous two dimensions). Since there is often more than one brand exposed in an offering towards the customer, Aaker and Joachimstahler translate the context brand roles into four combinations of product/market roles: (1) **Endorser/sub brands** which refers to different alternative of connections between a company’s own brands with more or less psychological distance to the market and the mind of the customers; (2) **Benefit brands** with a branded feature that augments to the offer; (3) **Co-brands** or brands from different organisations creating an offering; and (4) **Driver roles** or the extent to which a brand drives the purchase decision.

   o Within endorser/sub brands (described above), there is a well established brand model – the Brand Relationship Spectrum. A model that will be further discussed and analysed in section 4.1.

4. **Brand portfolio structure** concerns the internal structure of the portfolio and the relation between the different brands so that they are structured in a way which is clear to the customers and creates synergies. There are three ways of doing this. (1) **Brand groupings** divide the brands into after logical groupings such as segments; (2) **Brand hierarchy trees** provide a method for sketching the brand structure; (3) **Brand range** evaluates how much a brand can be extended based on its role in the portfolio.

5. **Portfolio graphic** regards the visual presentation of the brand towards the customer such as logo, design and advertising.

The concept described above was further developed by Aaker (2004a) where a sixth dimension, **brand scope** was added to the model (see figure 5 on next page). Brand scope refers to the product categories (or sub-categories) that each brand in the portfolio is associated with and has relevance within. It is vital to consider both the current and future scope of a brand when managing a brand portfolio. The scope of the master brand is especially important since
it might span over several product categories, sub-categories and markets. In other words the master brand is conceived in the same way in all contexts.

Also worth noting, is that Aaker (2004a) when adding the sixth dimension also re-named the concept of brand architecture to brand portfolio strategy. He apologises for the many labels he introduced over the years (Aaker (1996): *brand system*, Aaker and Joachimstahler (2000a): *brand architecture* and Aaker (2004a): *brand portfolio strategy*) that he argues have increased the confusion within this research area, something that I agree with. The reasons he gives for these shifts are the changing demands and needs of the market as well as the ongoing development within the research area. The latest adjustment, from brand architecture to brand portfolio strategy is explained by the need for a better vision that describes a more holistic and strategic view of how to optimise and leverage a brand portfolio to enhance and enable business strategy.

![Brand portfolio strategy diagram](image)

**Figure 5: Brand portfolio strategy (Aaker, 2004a:17), an adjustment of Aaker and Joachimstahler (2000a:135)**

An even more holistic view, one that could be described as pioneers within the field of brand portfolio research, is presented by Hill and Lederer (2001). While Aaker and Joachimstahler (2000a) touch upon alliances within a brand portfolio strategy, it is Hill and Lederer that take this direction of brand portfolio research to a new level. Their thinking is built on the ideas from researchers such as Kapferer (1992) and Aaker (1996) but differs in a few critical ways. One thing is that they do not believe that it is sufficient to manage a single brand, which is the case in many traditional brand systems. Another difference is that they include the consumer’s point-of-view – how important each brand is in the consumer’s purchase decision (a stronger customer perspective rather than being strictly management-oriented). Based on
this, the brand portfolio must include every brand, whether the company owns it or not, that affects the buying decision. This is also the real uniqueness with their research that it is more externally focused than previous research, examining both internal and external brands as well as their interaction – leading to a more correct reflection of modern management and networked economy. Their definition also includes a thoughtful distinction between brand portfolio and brand system: “Our definition of brand portfolio does not restrict membership to brands owned by the company (…we’ll call that type of grouping a “brand system”). Our brand portfolio, on the contrary, includes every brand that plays in the consumer’s decision to buy” (Hill and Lederer, 2001:7).

In practice, Hill and Lederer’s approach looks at collaboration such as the one between Shell (gas station) and 7-Eleven (convenience store) as they belong to the same portfolio, even though the offer is a joint offering of two separate companies. A brand system could according to the authors, on the other side be exemplified with Toyota, which has a Toyota-portfolio, a Lexus-portfolio and more recently a Scion-portfolio (youth cars sold in the US market). When comparing Aaker’s (2004a) view with the view of Hill and Lederer (2001), using the Toyota case, the difference could be described as all three brands belonging to the same portfolio according to Aaker, but only to the same system according to Hill and Lederer. Moreover, Hill and Lederer’s conceptualisation of brand portfolio is based on a dynamic mapping tool, the brand portfolio molecule, which visualises all elements of a brand and how they interact and create added value. Each company is visualised differently, but there are a few key dimensions that are shared in the structure of all brand portfolio molecules. First, it defines all brands that the company should consider in making a brand decision. Second, it visualises the relative value of the different brands in the portfolio and their contribution to influencing the purchase decision. Third, it visualises how the brands in the portfolio connect, and relate, to one another. Fourth, it defines the different brands market positioning.

Uggla (2007) discusses a much similar approach to brand portfolio, and argues that there is a need to update the traditional definitions so that they better reflect modern business practice as well as inspire and stimulate creative activities among today’s contemporary companies. According to Uggla, a brand portfolio consists of all brands that play a role in the customer’s purchase decision meaning owned, purchased, licensed and allied. As a result of this, all brands that a company owns do not belong to the same brand portfolio, but instead fit into the same brand system. This expansive strategic definition is almost identical to Hill and Lederer’s (2001) and they both have the benefit of including and highlighting collaborations between brands as an important brand portfolio strategy.

Yet, another way portraying a company’s branding strategy is presented by Keller (2003, 2008), who suggests a brand hierarchy based on the follow-
ing four levels: corporate brands, family brands, individual brands and modifying brands. The highest level in the hierarchy almost always involves the *corporate or the company brand* (General Motors). The second level from the top is the *family brands* (Buick), or brands that are used in several product categories but not necessarily in the name of the company. The next level is *individual brands* (Park Avenue), which is defined as brands that are restricted to one product class but that could be used for several product types within this category. An example of this level is Frito-Lay offering tortilla chips (Doritos) and potato chips (Lays and Ruffles). Last and lowest in the hierarchy is *modifying brands* (designated model or item), being descriptors that are used to modify a corporate, family or individual brand structure for a particular market segment. Examples in the case of potato chips are different offering such as “whipped”, “unsalted” or “regular”.

As described, there are many different definitions and descriptions regarding brand portfolio. However, they could all be divided into either exclusive or inclusive definitions (Uggl, 2006).

- **Exclusive definitions:** Draw up the boundaries of brand portfolio around the organisational boundaries (all brands in the portfolio should be owned by the company). For example in the case with Sony the brand portfolio includes Walkman, Vaio, Wega, Playstation and the Sony brand although they attract very different segments and are visible in very different market channels.

- **Inclusive definitions:** Extends the definition to also include brands that are connected but not necessarily owned by the company. This means that brand portfolio involves both brands and categories owned, borrowed, licensed and aligned with the organisation, including co-brands, ingredient brands and endorsed brands inside and outside formal ownership.
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<td>Keller</td>
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*Figure 6: Brand Portfolio Strategy: A summary of the development in previous research*
3.2 Brand leverage strategies

Brand leverage summarises the ways a company can use an already known brand in new and creative forms. According to Aaker (1996) and Uggla (2001), brand leverage basically follows two patterns: (1) Extension of the brand; and (2) Connections/cooperation between brands. When a company is looking to develop, or expand its branding strategy, keeping the brand’s core values in a cost efficient way, both of these patterns are possible solutions – dealing with the same brand leverage problem.

Today, the traditional brand contract “one brand = one product = one promise” is not as current as it once was. Instead, there has been a displacement to “one brand = one promise = several products” (Kapferer, 1992). This is a development that implies that companies increasingly use their established brands when introducing new products instead of creating new brands. This is visible not least in the fact that many new products or innovations actually are brand extensions. For example, for fast moving consumer goods (FMCG) often more than 85 % of new product introductions are brand extensions (Völckner and Satler, 2002). One advantage of introducing new products under an established brand name is that expectations are raised among the consumers. This will increase the consumers’ willingness to try the product, and if the requirements are met, enhance the possibility for a repurchase (Kapferer, 1992). Another advantage with brand extension is that the brand could be seen as being innovative, which in turn can lead to loyalty among the consumers (Kapferer, 2001). Furthermore, the cost of introducing a new brand has become extremely high, illustrated by Aaker (1990:47); “The cost of introducing a new name in some consumer markets can range from $50 million to well over $100 million. And even such levels do not guarantee success. In fact, the percentage of new products that are successful is not at all reassuring. In contrast, using an established brand name can substantially reduce the introduction investment and increase the probability of success”.

In some literature, brand leverage is sometimes referred to as brand capitalisation (Kapferer, 1992; Uggla, 2001). However this is not an established definition and the word capitalisation is more usually associated with accounting and economics than brand management. In addition to the overarching definition of brand leverage, the strategy could also be divided into several concepts and sub-concepts with its own ways to work with and execute the brand leverage strategy. A few of the most well-known concepts and sub-concepts will be presented below and finally summarised in a matrix. A more detailed description of additional brand leverage strategies is also to be found in chapter 4.
**Line Extension** is a strategy related to the use of an established brand for a new offering in the same product class or category (Reddy *et al.*, 1994). It differs from the parent brand in relatively minor ways, such as; flavours, sizes, packaging options and compositions (Kapferer, 1997). Companies often perceive line extensions as a low-cost, low-risk way to meet the needs of the customers (Quelch and Kenny, 1994), since the development time and costs of line extensions are more predictable than they are for new brands (Kapferer, 1997). One good illustrative example of this strategy is the extension of Pepsodent toothpaste, which today offers a wide range of product variations including secondary benefits such as super flour, kids, completely white, xylitol and sensitive extra.

**Vertical Extension** is another means of extending a brand and reaching different market segments. This strategy originates from the line extension strategy since it involves introducing an extension in the same category as the core brand, but at different price points and quality levels (Kim and Lavack, 1996). Vertical extension could be carried out upwards (into a more premium segment) or downwards (into a more value-for-money segment) (Keller and Aaker, 1992). An example of this strategy is Apple and their mp3 player iPod that has been stretched with various functions and prices both upwards into premium segment with products such as iPod Touch and downwards with products such as the iPod Mini, iPod Nano and iPod Shuffle.

**Brand Extension** is yet another way to leverage a brand, and something that is done by using a current brand name and applying this to a new product in a new and different product category where the brand has not been established before (Kapferer, 1997). This strategy has more risks linked to it compared with the two described above, but also potentially great benefits if carried out carefully since already known and recognised brands generally require lower new-product introduction expenses such as advertising, trade deals or price promotions (Tauber 1988). One illustrative example of this strategy is Oakley which is most known for its eyewear and goggles but that has extended the product portfolio to also include products such as shoes, backpacks, apparel and watches – all sold under the Oakley brand.

**Indirect extension** is an alternative strategy to brand extension, often used to reach new categories with the help of another brand instead of doing it yourself. The reason for using someone else’s brand is that it often is a quicker way to the market since one capitalises and uses another brands associations and trustworthiness within the new category. Two common types of indirect extensions are co-branding and ingredient branding, which will be explained in further detail on next page (Uggla, 2002).

**Composite brand extension** is a concept launched by Park *et al.* (1996) which describes a combination of two existing brand names in different positions, header or modifier, which is used together as a brand name for a new product. The research investigates the effectiveness of a composite brand
(co-brand) in a brand extension context, using the premium and high calorie chocolate brand Godiva and the weight-loss brand Slim-Fast (e.g. Slim-Fast chocolate cake mix by Godiva versus Godiva cake mix by Slim-Fast). Without going into great detail of the result of this research, it is in the context of this dissertation important to notice that co-branding (composite brand alliances) was treated as an indirect brand extension.

*Brand alliance* is at its core about all circumstances in which two or more brands are presented together, over the long- or short-term, to the consumer (Rao and Ruekert, 1999; Uggla, 2005). There is no distinct definition of brand alliances but rather a number of slightly different variations. However, the concept of *compositioning* presented by Ruttenberg *et al.* (1995) gives an overarching definition as well as describing most of the established sorts of alliances covering phenomena such as: co-branding, ingredient branding, co-promotion, joint marketing, distribution alliances and sponsorship marketing. The authors define compositioning as: “A unique combination of one or more products or services under one or more brands to create an offer that adds more value to the consumer than purchasing each of the brands separately”. Within compositioning, the two most referred sub-concepts are:

- **Co-branding** which is often referred to as a symmetrical brand alliance between two or more established brands where the new product has both brand names on it (Baumgarth, 2004; Riezebos, 2003). One illustrative example is the collaboration between Motorola and Dolce and Gabana.

- **Ingredient branding**, on the contrary, is often referred to as an asymmetrical co-branding strategy where a key attribute, material or component is incorporated into a branded product as an ingredient and promoted to the final user (Norris, 1992; Smit, 1999; Desai and Keller, 2002). One illustrative example is Coca Cola with Nu-trasweet.
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<th>Concepts &amp; Synonyms</th>
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Figure 7: Brand Leverage: A summary of the development in previous research
3.3 Propositions and conceptual model

Summarising the literature review (frame of reference), it becomes clear that a majority of the established brand models are built on simplifications, dividing different brand strategies into separated categories, introducing a static approach of how to best build and manage a brand portfolio. A result of the static categories is that the interaction in-between various leverage categories are ignored and left out. In order to further explore this, the following proposition has been motivated:

- **P1:** *Established brand leverage models are often based on simplifications and therefore miss out on intersectional issues between various leverage categories.*

Moreover, this also provides the motivation for the following proposition:

- **P2:** *Established brand leverage models are often based on separative principles and divided into static categories, therefore missing out on intersectional issues between various leverage categories.*

In order to test these explorative propositions, a conceptual model has been developed. This research model is based on the overall aim and the research questions of this dissertation and has the objective to identify and describe potential gaps with contemporary brand leverage models and their classification system. The focus of the research model is within three emerging intersectional issues, which will be further explored in the next chapter.

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**Figure 8:** Conceptual model: Intersectional issues
4. Three emerging intersectional issues

The three intersectional issues discussed in this section are all chosen on the basis of being well established brand concepts in the literature (see chapter 3) as well as being emerging in use and importance among practitioners. As stated in section 3.3, the overall aim of this section is to, identify and describe potential gaps within contemporary brand models and their classification system, based on a selection of key brand models. The outcome and the findings of each intersectional issue will be analysed individually and summarised as a whole. Moreover, this chapter will discuss three identified and overlooked factors in the brand leverage discussion. The chapter ends with a conceptual summary and the introduction of a revised view of brand leverage.

4.1 The intersection between house-of-brands and branded-house

4.1.1 Introduction

During the 1990s, the brand management discourse largely focused on brand equity issues in terms of building a brand’s recognition, associations, perceived quality and loyalty in the consumers’ mind and memory (Aaker, 1991). This external perspective of brand identity was soon followed by an internal perspective that focused on how to create brand identity from the firm towards the consumers (Aaker, 1996). The brand was no longer recognised as an extension of the product, rather the product was viewed as one possible expression of the brand’s identity alongside personality, organisational associations and the brand as symbolic perspective (Aaker, 1996). In Europe, Kapferer (1992) developed his now famous brand identity prism. Although frameworks of brand identity deviated, most, if not all, incorporated the concept of brand personality.

Later on the research side, brand identity frameworks began to universally site brand personality as a dimension and a facet of a brand’s identity –

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1 Co-author with Henrik Uggla of the article: “Semiotic Inquiry of the Brand Relationship Spectrum”. Published in the anthology “Brand Portfolio Metaphors” (2006)
namely those traits of human personality that can be attributed to the brand. Among other dimensions are the brand’s inner values (its cultural facet), the brand’s relationship facet (its style of behaviour of conduct), the brand’s reflected consumer facet and the brand’s physical facet (its material distinguishing traits) (Azoulay and Kapferer, 2003). Aaker (1997) further broke down the personality metaphor into five generic personality types (competence, ruggedness, sophistication, excitement and sincerity). Brand identity in general and brand personality in particular epitomised the era of building brands. As the brand management discourse matured, however, the external focus on brand equity and internal concern with brand identity building was followed in an almost dialectic manner by a synthesis in terms of brand architecture. This synthesis was concerned with how to connect and disconnect brands psychologically in relation to market opportunities, segments and brand relevance. This perspective acknowledged that brands could also be leveraged through line extensions (Tropicana original to Tropicana San-guineello), vertical extensions to upscale and downscale markets (from Toyota to Lexus or the GAP to old Navy), brand extensions (Virgin music to Virgin Transatlantic airlines), brand alliances between recognised but independent brands (Ford Explorer Eddie Bauer Edition) and ingredient branding (Dell with Intel Inside). Aaker and Joachimstahler (2000b) argue that the old paradigm of simple brand structures (such as Procter and Gambles product brand portfolio) has now been replaced by complex brand portfolios involving sub-brands, endorsed brands and their alternatives. It is in such a market environment that the Brand Relationship Spectrum emerged and was presented as the “the key to the brand architecture challenge” (Aaker and Joachimstahler 2000b:8). The problem lies in this brand model becoming somewhat of an imperative and an indisputable way of categorising brand structures as a key part of brand portfolio management even though it is based on numerous simplifications which provide the user with a limited and static view. The aim of this section is from a conceptual point of view to identify and describe the intersection between house-of-brands and branded-house.

4.1.2 Conceptual framework

The Brand Relationship Spectrum
This research section is based on the model of Aaker and Joachimstahler (2000b), the Brand Relationship Spectrum, which identifies four strategies, each representing different options for brand architecture.

1. House-of-brands
2. Endorsed brands
3. Sub-brands under a master brand
4. A branded-house
Depending on the driver roles and the relationship between the master brand and sub-brands, the model arranges strategies into four groups. On the left hand of the spectrum, a strong link exists between master brands and sub-brands where the master brand has a stronger driver role. On the right hand of the spectrum, there is a shift to weaker links between the brands and towards stronger driver roles for individual brands.

Figure 9: The brand relationship spectrum (Aaker and Joachimstahler, 2000b:47)

House-of-brands
In the house-of-brands strategy a different brand is set up for each market. The reason for this is to optimise the message of the brand for that particular market without having to bear the burden of values that are associated with the master brand or other brands in the portfolio. In certain cases these brands may reflect badly on the master brand depending on which markets and by which means the different brands are operating. By being able to differentiate the product offering for each market, the brand has the ability to position itself based on the success factors of each market. Further, this strategy protects the master brand and the brands in the brand portfolio from being influenced by a negative image (the spill-over effect) that a certain brand might attract. Aaker and Joachimstahler (2000b) divide this strategy into two categories, one in which there is no connection between the master brand and the individual brand and one in which there is a loose connection between the brands, although not visual or explicit. The latter category is called shadow endorsing. One example of the house-of-brands strategy is that of Procter and Gamble, which owns over 80 brands that are all independent of each other. Many of these brands are leaders in their market and are so strongly associated with their respective markets that it would be hard to use them anywhere else.
**Endorsed brands**

As in the house-of-brands strategy, a company that pursues the endorsed brands strategy has a portfolio consisting of independent brands. The difference is that the brands, although independent, are endorsed by the master brand. Usually, the driver role of the master brand is a minor one. However, studies have shown the value added by the endorsed brand is of great importance (Saunders and Guoqun 1997). An example of this strategy is Nestlé, a company that has numerous products such as KitKat and Smarties, with each having a strong name printed in large letters on the package as well as the Nestlé logo printed in smaller type. This strategy promotes the effort of each brand to build a strong independent identity on each market. In this way not only the endorsed brand is “helped”, but the endorser brand, by being associated with a strong product brand, can also gain favourable exposure through the endorsement. There are several ways of communicating the link between two brands, and they do not necessarily rely on printing the full name of the master brand of the product. An endorsing brand can choose to be a token endorser (Aaker, 2004a). This variant, which is a relatively weak form of endorsement, is communicated through the presence of a logo or a short message, such as the example of “a Sony Company”. This strategy is preferable when the brand being endorsed is less well known than the endorsing brand and does not have a strong established image of its own. Another form of endorsement concerns linking the offerings through their names. An example of this type of endorsement is McDonald’s, which has such products as Big Mac, Chicken McNuggets and McChicken. A linked name gives a brand its own identity but still allows it to benefit from the endorsement by giving it a familiar look and feel (Aaker, 2004a). The endorsement is executed in a very compact way, which is always favourable since it is easy to remember.

Aaker and Joachimstahler (2000b) also define the strong endorser, which makes its presence clearly visible by spelling out the endorsing brand. An example of this is Polo Jeans by Ralph Lauren, where the endorsing brand is clearly spelled out. Strong endorsement can be a way to transfer credibility associations from a strong brand to a new brand or a brand new to a specific market. For example, Hilton endorses their Scandic hotel in some European countries: Scandic by Hilton

**Sub-brands**

A sub-brand can be a way for a brand to enter new markets. By having a strong personality of its own, the sub-brand is able to stretch the master brand and add values that did not previously exist. Since the relationship between the master brand and sub-brand is much closer than the relationship between the endorsing brand and the brand being endorsed, there is some risk that the master brand might be affected by the values of the sub-brand. This, however, is an opportunity to enhance the master brand. The balance
between the master brand and sub-brand can vary and is one that is entirely determined by the driver role of the brands. If the master brand and sub-brand are equally important drivers, they become what Aaker and Joachimstahler (2000b) refers to as co-drivers. Their equal roles let both brands contribute to the product offering. In the case of Gillette and Mach 3, the Gillette brand adds credibility, whereas Mach 3 adds innovation. However, both these brands are equally important. The master brand can also take on the driver role. The role of the sub-brand serves to distinguish the product from other products under the same master brand, rather than to provide buying incentive to the consumer.

A Branded-house
The branded-house strategy is essentially the opposite of the house-of-brands strategy. In this strategy the master brand does not only take on a primary driver role, but it also takes on a dominant role. The sub-brands, through this strategy, usually take on a minor role, often as descriptors. By using branded house architecture, you can leverage the synergy effect that arises through making your brand visible in many different markets. Aaker (2004b:11) suggests that the branded-house, with a particular focus on corporate brand leverage, might be an attractive option for more effective brand portfolio management, because the focus is on fewer but stronger brands. One illustrative example of this strategy is General Electric (GE) which capitalises on the master brand using additional descriptors such as GE Appliances or GE Healthcare to communicate different offerings.

Each brand within the portfolio needs to be evaluated with respect to the sales it can support, the differentiation it offers and its strategic role. The goal is to identify those brands that should be eliminated or selected to exist without brand building support. During the process brands that can be leveraged to cover more product marketing should also be identified. One such brand is the corporate brand that can often be assigned a larger role. Because the corporate brand represents an organization with heritage, values, citizenship programs and assets/capabilities that can provide differentiation Aaker (2004b:11).

This strategy can be very effective when the values of a brand are not directly related to one product but are associated with overarching values such as quality and innovation. Virgin has used the branded house strategy with great success, marketing everything from air and train travel to soft drinks and music under the same brand that symbolises innovation, fun and being the underdog but at the same time exhibiting quality features. The problem with this strategy is that one runs the risk of loosing focus and clarity on a specific market that might weaken one’s position in this market. By extending a brand to new markets, the values associated with a brand might go from being clear to becoming diffused.
4.1.3 Findings

**Limitations and simplifications with the brand relationship spectrum**
The brand relationship spectrum, as described above, has several conceptual limitations. *First*, it is based on a brand system rather than an epistemic view of brand portfolio management. *Second*, it fails to capture meaning transfer between brands. *Third*, it does not enable a crucial distinction between corporate brands and family brands. The details of these limitations are discussed in the following sections.

**Finding 1: Brand system versus brand portfolio**
A brand system (or a brand architecture) approach defines the brand portfolio as the brands that are owned by the company (Hewlett Packard (HP) and Laser Jet). In contrast, a brand portfolio approach includes licensed co-brands and ingredient brands in its definition (Hill and Lederer, 2001). The brand relationship spectrum leaves co-branding outside of its conceptual boundary. Even the category of co-drivers as part of a master brand strategy (Aaker and Joachimstahler, 2000b) builds on company owned brands, although consumers often derive co-driver meaning from co-brands rather than from traditional sub-brands (Blackett and Boad, 1999). The issue of brand architecture at the intersection of owned versus co-branded products becomes transparent in an article (Leuthesser et al. 2003) about co-branding options as a response to the vertical extension strategy. When the Ford motor company introduced the top-of-the-range Eddie Bauer version of its sports utility vehicle, it quickly outsold other versions of the Explorer, costing considerably less. Clearly, the designer label adds a greater measure of distinctiveness than more generic labels such as “Limited” (Leuthesser et al. 2003:44).

The Ford Explorer Eddie Bauer Edition incorporates two brands, Eddie Bauer and Ford Explorer, where Eddie Bauer might be viewed as a partner-sub-brand (Uggla, 2004) in a dual-brand strategy incorporating a typical co-driver situation (Laforet and Saunders, 1999). In addition, brand strategies (such as ingredient branding) often have an asymmetrical character regarding driver roles that cannot be covered in the brand relationship spectrum (Norris, 1992; Hillyer and Tikoo, 1995; Kapferer, 2001; Desai and Keller, 2002; Uggla, 2004). Although brand alliances, such as co-branding and ingredient branding, are a very common form of brand structure today, they are largely ignored in the framework of the brand relationship spectrum and never become explicit as strategic tools. There is a need for a more realistic, expansive and comprehensive view as well as definition that also include licenses, co-branding and ingredient brands outside the boundaries of the company itself.
Finding 2: Fails to capture meaning transfer processes between brands
Mature brand strategies often incorporate a dimension of meaning transfer between brands. Dual-brand architecture strategies, in particular, incorporate meaning transfer from a source to a target brand (Laforet and Saunders, 1999). Although distinct from each other, brand strategies such as endorsement, extensions, co-branding and ingredient branding share a common element of image transfer (Riezebos, 2003). In contrast, the brand relationship spectrum rests on the separation of semantic categories that does not consider the image transfer phenomenon. To reconcile this contradiction the brand relationship spectrum was further divided into sub-categories in order to indicate a grading scale of stronger/weaker meaning relationships between brands (such as strong endorsement, linked name and token endorsement) as parts of the overarching endorsement category (Aaker and Joachimstahl, 2000b). However, the brand relationship spectrum builds on separative rather than integrative semantic principles that cannot entirely capture the complexity of image transfer processes between brands. Image transfer models, however, have been considered a future imperative in brand management research (Keller, 2001).

The brand relationship spectrum also fails to capture the dynamic movement along the brand portfolio spectrum referring to the brand migration process. This gap means that the model misses the dynamics of strategic realism of brand architecture. One real case example is the on-going meaning transformation process in-between the more static categories of master brands, sub-brands, endorsed brands and individual brands visualised below by Honeywell’s migration process. In this brand migration process, Honeywell transfers stand-alone brands (individual brands) into being endorsed by Honeywell, and finally include them under their own master brand.

![Brand Relationship Spectrum](http://www.honeywell.com/sites/brandM/endorsb2mb.htm)

Figure 10: Endorsed Brand Migration

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Finding 3: Corporate brand versus family brand level

The brand relationship spectrum presents the branded-house as if it were equivalent to a corporate brand structure. No distinction is made hereafter between corporate brands and family brands, although such a distinction is commonplace in any traditional brand hierarchy guiding brand strategy. Moreover, when quoted in other textbooks, the branded house is biased towards corporate branding. The second model for brand portfolios is the branded house. In this model, a company employs a single primary brand across multiple products and categories. Purely executed, all of the products a company produces are sold under a single brand name. Most often, the corporation has the same name as the primary brand. Dell is an example of a branded house (Tybout and Calkins, 2005:115).

It is true that companies such as Dell and Virgin are branded houses, however, Panasonic is also a branded house though it is not a corporate brand. Keller (2002) suggests that a simple brand hierarchy should incorporate a clear distinction between corporate and family brands. Keller defines the family brand as a brand that covers more than one product category but that is not the corporate brand. Furthermore, Kapferer (2004) proposes a distinction between corporate umbrella brands, corporate source brand, corporate endorsing brand, maker’s mark, umbrella brand, source brand, range brand, line brand and product brand. The brand relationship spectrum does not cover this important distinction. Moreover, there are empirical examples of brands which have complex multiple meaning structures being both master brands, endorsers as well as falling within a generic category but in different contexts.

4.1.4 Conclusion

The brand relationship spectrum has been positioned and presented as: “key to the brand architecture challenge” (Aaker and Joachimstahler, 2000b:8). Although pedagogic, highly structured and conceptually attractive from a perspective of separative semantics, the brand relationship spectrum is a rather static model that fails to capture the dynamics and strategic realism of brand architecture as part of a market responsive brand portfolio strategy based on future brand relevance at the intersection of emerging market opportunities and company skills. For example, it does not indicate how a strong endorser might be transformed into a sub-brand or moved in any other direction towards an individual brand. Yet, this information is of vital concern in any real world case of brand portfolio management.

Brand portfolio traps

Three major concerns might be raised about this model. First, there exists a bias for exclusive brand system management rather than inclusive brand portfolio management. Second, dynamics that capture strategically important
meaning transfer processes between brands are lacking. Third, the distinction between corporate brands and family brands is not taken into account, which is very important to the development of brand hierarchies.

I have classified these three discrepancies as brand relationship spectrum traps. It is highly important to be aware of these traps, especially since real-world brand portfolios often represent a dynamic movement along the brand portfolio spectrum. For example, Michael Jordan has transformed from being a strong endorser, into an even stronger descriptive sub-brand (Nike Air Jordan), into a master brand of his own – Jordan. In a related way, Honeywell (as described earlier) moves migrating brands from a house-of-brands position into a branded house position in their migration strategy based upon master brand ambitions. In the brand migration process, Honeywell transfers stand-alone brands (individual brands) to endorsed by Honeywell, and finally, subsuming them under their strong master brand umbrella. The dynamics of this process can be described as an on-going meaning transformation process in-between the more static categories of master brands, sub-brands, endorsed brands and individual brands in the brand relationship spectrum. Moreover, the historical position in the spectrum also reflects a cultural distinction between value and norm systems in the East and West (Kapferer, 2001). Traditionally, Asia has a history of collective values and value-transparent corporate brands, including Sony, Yamaha and Mitsubishi. Only more recently has the house-of-brands model been acknowledged by Japanese brand managers as in the upscale vertical extension demonstrated by Infiniti (Nissan) or Lexus and Scion (Toyota). In contrast, Western style brand management has a 100-year tradition with product branding from companies such as Procter and Gamble, Unilever and Nestlé (Riezebos, 2003).

In summary, there is a need for a more realistic and subtle approach to brand portfolio management, something that can be applied to traditional brand systems, as well as emerging forms of brand leverage in or outside the organisation. This “new” and more contemporary approach should also involve image transfer components such as endorsed sub-branding strategies, strategic brand alliances, co-branding and ingredient branding. In practise this will influence strategic decision-making such as how much the price/value car brand Skoda should be endorsed by the Volkswagen corporate brand. In other words, should Volkswagen be used as a strong endorser, transferring corporate ability associations (Brown and Dacin, 1997) to the value entry, or merely reside in the background as a weak association?
4.2 The intersection between co-branding and brand extension

4.2.1. Introduction

“Successful companies understand that brands are assets. And successful managers seek to leverage these assets”

Tybout and Calkins (2005:91)

A key driver for business growth is launching new products/services, since new products address neglected consumer needs and respond to changing customer requirements as well as new competition. At the same time, the business of launching new products is both costly and risky (Tybout and Calkins, 2005). Brand leverage, described as creating, managing and enhancing the strength of a company’s brand(s), has over the last two decades become a management imperative and a common practice in most businesses. One important reason for this development is that an introduction of a new brand typically requires millions of dollars and a significant amount of time. In some consumer markets the investment can be as high as from $50 million to well over $150 million. Yet, the vast majority of new products launched fail, and are withdrawn from the market within a year. Commonly referred to percentages regarding the failure rate of product introductions range from between 80 to 90% (Kapferer, 1997; Leuthesser et al., 2003; Tybout and Calkins, 2005).

In contrast, the use of an established brand name can substantially reduce the introduction cost, and in theory, increase the success probability (Boush and Loken, 1991; Sunde and Brodie, 1993; Aaker, 1996). There are several means of leveraging a brand, and today the most established way is through extensions, referring to whenever established brands are used to introduce a new product (Keller, 2008), with many brand managers considering this as central to their overall brand strategy (James, 2005). Brand extension has been the predominant new product strategy for the last two decades. In several product categories more than 90% of new product introductions are in fact brand extensions (Völckner and Sattler, 2002). Choosing brand extension as a brand leverage strategy can help to reduce the risk that consumers perceive with new products, and instead increases the possibility for trial purchase. It could also help establish positive associations, lower the cost for marketing programs and provide positive feedback for the brand – improving its awareness and enhancing its image (Aaker, 1990; Keller, 1998; Morrin, 1999; Keller and Sood, 2003). However, an existing brand can also leverage associations by linking itself to other brands, either from the same brand portfolio or from a different company. Co-branding, sometimes re-
ferred to as brand alliances (Rao and Rueckert, 1994; Blackett and Boad, 1999), joint branding (Simonin and Ruth, 1998), double branding (Hillyer and Tikoo, 1995) or brand bundling (Farquhar et al., 1992), is another way of gaining benefits from intangible assets and a brand leverage strategy which is becoming increasingly popular (James, 2006). The benefits are similar to brand extension but co-branding is also becoming popular since this leverage strategy better manages some of the negative aspects that that are associated with other brand leverage strategies: brand cannibalisation (Reddy et al., 1994; Lomax et al., 1996), brand equity dilution (Vaidyanathan and Aggarwal, 2000) and consumer mistrust (Aaker and Keller, 1990; Aaker, 1996). In summary, the interest in co-branding has grown and today represents an attractive leverage approach for many companies (Leuthesser et al., 2003; James, 2005).

Previous research on co-branding has primarily focused on how customers’ perceptions of a co-brand are influenced by their awareness and attitude towards the two parent brands, the logical fit/compatibility between the two brands and whether spill-over effects exist (Rao and Rueckert, 1994; Simonin and Ruth, 1998). Of further importance are areas such as sponsorship and promotion (Varadarajan, 1986; Simonin and Ruth, 2003), brand equity effects (Washburn et al. 2004) and the relative strength of co-branding versus other brand leverage strategies (Leuthesser et al., 2003; Kumar, 2004). Previous research on brand extension has mainly focused on potential determinants of success (Boush et al., 1987; Aaker and Keller, 1990; Bousch and Loken 1991; Broniarczyk and Alba, 1994) and the potential negative association transfer towards the core brand (Keller and Aaker, 1992; Loken and Roedder John, 1993). More recent research has focused on the validity of these older studies, looking deeper into the hypothetical extensions described to students under lab conditions. (Klink and Smith, 2001; Völckner and Sattler, 2002; Czellar, 2003). However, most of the research conducted to date covering the area of brand leverage has tended to be based on dichotomy and simplifications, focusing on either extension or co-branding. An important opportunity has therefore been missed to focus on the interaction and migrations between these two leverage strategies and thereby introducing the idea that there is a clear difference between them. The aim of this section is from a conceptual point of view to identify and describe the intersection between co-branding and brand extension.

4.2.2 Conceptual framework

The chosen conceptual framework for this section consists of three leading and frequently referred to brand models which collectively represent the predominant view of brand leverage. Moreover, the selected brand models also create a good basis and a framework for describing the intersection between co-branding and brand extension.
Brand asset leverage
Aaker (1996) describes a way of working with strategic brand management through the brand’s assets. He reasons that a brand with its awareness, associations, perceived quality and customer loyalty (brand equity), is seen as one of the most important assets in a company. Aaker describes four comprehensive strategies for using the brand’s leverage.

**Figure 11:** Brand driven developing strategies (Aaker, 1996:275)

The easiest way according to Aaker is to carry out a line extension, meaning an extension in an existing product category with minor changes in terms of, for example, size, packaging or taste. One illustrative example of this brand driven strategy is Coca-Cola and its extension into Coca-Cola Light followed by Coca-Cola Light with Lemon. This strategy is often the first and simplest way to leverage on a brand’s strength and is associated with a relatively low degree of risk, high spill-over effects and a relatively reliable payback.

Another way is vertical extension, a strategy that extends the brand up into premium segments or down into more value-market segments. This strategy is associated with a higher risk compared to line extension but also a higher payback if carried out correctly. One illustrative example of this strategy is Volkswagen, who has stretched its portfolio of cars upwards into the premium segment with the luxury limousine “Phaeton”. Volkswagen has also stretched its portfolio downwards into smaller car segments with models such as “Polo” and “Fox” targeting different groups and their specific needs. This case is also a good example when it comes to visualising the risks inherent in this leverage strategy. One risk that could occur when a brand is stretched upwards is that the brand (Volkswagen) lacks credibility and self-expressive benefits within this upper market segment. The Volkswagen brand does not add any benefits for customers looking to buy an exclusive
limousine, leading to other brands and brand models such as the Audi A8 being chosen. The customer’s switch from the Volkswagen Phaeton to the Audi A8 exemplify another risk with this strategy – cannibalisation. This risk could take place when a new product takes sales away from an already existing product in the portfolio instead of generating new sales. This risk could occur both when stretching upwards in the case of the Phaeton where there was a risk that this car model would not generate any new sales for the Volkswagen Group, but instead decreased the sale of the Audi A8, which is also owned by the Volkswagen Group. The risk when stretching downwards is the same, but with the example of the Polo and Fox cannibalising the Golf.

Brand extension or extending the brand to a new category is the third strategy and could according to Aaker be classified into either ad hoc and range brand. Ad hoc means that the brand is extended to a new category for a specific purpose and that it is a separate occurrence. On the other hand, the creation of a range brand means that an identity is created, which can be applied to several categories, creating a strong brand asset that could work as a basis for a business. Furthermore, a range brand can function as a connecting symbol through which consumers can see connections between products that under other circumstances could be hard to recognise. One example of a brand extension is Victorinox (most known for its Swiss army knives) introducing watches, travel bags, and perfume. Another example is BIC (most known for disposable pens, lighters and shavers) introducing surfboards, sails and kayaks. Brand extensions are, compared to the above described strategies, associated with a higher level of risk which comes from the possibility of negative associations in the new category or that the customers see no fit between the two categories, leading to brand extension failures.

Finally, a company can use co-branding, referring to when companies extend their brand territory by cooperating with other brands. One advantage with co-branding is that it captures two sources of brand equity and thereby enhances the value proposition and point of differentiation, given that the partner brands have complementary attribute profiles. It can also enhance not only the co-branded offering but the associations of both brands as well. The risk with this strategy is lower than, for example, brand extension and may take the form of culture collisions or identity differences. Two examples of co-branding are: American Airlines, Citibank and Visa jointly offer a credit card; and Braun together with Oral-B offering electric toothbrushes.
**Master brand leverage**

Farquhar *et al.* (1992) describe various strategies for master brand extension. Their “brand leveraging compass” concept illustrates four principle directions for leveraging master brands where each direction correspond to a strategy where new associations link the master brand to a new product category. Their concept presented below is based on two axes. The north-south axis describes vertical brand strategies (super branding and sub-branding), which add new elements to the existing brand category. The east-west axis describes horizontal strategies (brand bundling and brand bridging), which combine elements from different brand hierarchies.

![Vertical and horizontal strategies for a master brand](image)

*Figure 12: Vertical and horizontal strategies for a master brand (Farquhar *et al.*, 1992:39)*

**Vertical brand strategies**

*Sub-branding strategies*

This strategy is about introducing new elements in the brand hierarchy below the master brand, often referred to as introducing sub-brands. The classic role of subordinated brands has been to communicate refinements such as different quality levels (Johnnie Walker Red Label, Jonnie Walker Black Label), different flavours (Wrigley’s Spearmint, Wrigley’s Doublemint) and different functions (Kodak Kodacolor 100, Kodak Kodacolor 200) to mention but a few. The role of the sub-brand leveraging the master brand is to help modify the meaning of the master brand and to draw attention to alternative brand associations which makes it easier for consumers to relate to the

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3 Their definition of a master brand’s is when a master brands associations dominate the consumer’s immediate response to a product category, product attributes, and usage situation or consumer benefits.
brand in the new category. Sub-branding strategies could according to Farquhar et al. be carried out in two ways, with the help of: (1) *Brand modifiers* – illustrating words and/or phrases that are usually not trademarks (even though they could be in some cases) although the role is similar to that of an actual sub-brand. An example of a brand modifier is Bailey’s “Irish Cream” which could be described as a generic product but that later has been registered as a trademark. (2) *Dual marks* – consist of two brands, a sub-brand and the master brand, both owned by the same company and where the master brand has the driving role. An example of a dual mark is the DuPont Stainmaster, where the master brand is the primary mark and where Stainmaster is a secondary mark that serves as both a modifier and a platform for similar products. Sometimes, a sub-brand (or a modifier) becomes widely recognised and achieves the status of an individual brand. One such example is Dom Pérignon premium champagne which is somewhat better known than its master brand Moët & Chandon.

**Super-branding strategies**

Another vertical strategy of master brand leverage is super-branding. In contrast to sub-branding, this strategy is about adding new elements (modifier or super-brands) to the existing brand hierarchy above the master brand, something which traditionally has been done directly to reflect improvements such as extra-strong or ultra-dry. A more none-traditional way of super-branding is though indirect extensions with Toyota – Lexus, and Nissan – Infinity as two illustrative examples. According to Farquhar et al., making a brand more exclusive through indirect extensions is less risky than direct extensions. The recommendation according to Farquhar et al. is to hide the master brand so that the new super brand will attract attention on its own and on the merits of the product/service. The strategy is to reveal the new brand connection with the hidden master brand in a later stage, something that will provide the consumer with a familiar reassurance. If done immediately, the result could instead be scepticism and doubt.

**Horizontal brand strategies**

**Brand-bundling strategies**

This strategy is about using another established brand and its associations in order to strengthen a master brand, something that may be faster and more efficient than individually developing a new brand. The key aspect of this strategy, sometimes referred to as “cross-branding” is to realise the brand’s limits, partly in order to be careful with the additional associations created by the other brand. One reason for using brand ingredients is the possibility of attracting attention which adds value to the product, strengthening the master brand (GORE-TEX®, Intel Inside, DuPont Teflon). A second reason is to create a complementary product (branded ingredients that complement each other). A third reason is to co-operatively build brands, which offers the
consumer several benefits through the purchase of one product or service (VISA and frequent flyers bonus program).

**Brand-bridging strategies**
In this strategy, the master brand is used as an endorser for a new product in a new category. As distinct from the super-brand strategy, the master brand is not hidden in the initial phase but rather plays a secondary role for a dual mark. This strategy reduces the risk of both the master brand and the brand support that it needs in order to build a brand platform. The master brand plays the role of an endorser until the endorsed brand is strong enough to live on its own. The master brand takes an even smaller role or even disappears entirely. It is vital not to confuse bridging with sub-brand strategies since the driver brand in these two strategies are the opposite of each other – endorsed brands in bridging and master brand in sub-brand.

**Leverage through co-branding**
Lance Leauthesser *et al.* (2003) present a framework for using co-branding to leverage a brand. The framework combines two types of complementarily: *core* and *extended*, with two types of markets: *existing* and *new*. A co-branding situation in which each brand makes a significant contribution to the co-brand’s core benefits represents core-complementarity (e.g. ingredient and component co-branding). In contrast, a situation where one brand contributes more with intangible image associations represents extended complementarity. However, it is important to be aware of that in practice there will be hybrids where complementarity comes from both directions. In the market dimension, *existing market* can be contrasted with *new market*. In total, this amounts to four types of strategies that will be further elaborated on the next page.

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<th>Product Complementarity</th>
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<td>Existing</td>
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<td>Core</td>
<td>Reaching In</td>
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<td>Extended</td>
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*Figure 13: Co-branding strategies (Leuthesser *et al.*, 2003:40)*
Reaching in
Reaching in is a strategy to achieve greater market penetration by choosing a partner that adds significantly to the co-brands core bundle of benefits. This strategy involves core product complementarity, with the objective of reaching in to achieve greater market share in the current target market. Component or ingredient branding are common examples of this strategy and are especially present in high tech and food markets. Two examples are Dell offering Intel Inside microprocessors and Gevalia coffee with Marabou chocolate. Although reaching in co-branding is mostly based on ingredient branding, the strategy can also be more symmetrical with partners achieving more balanced complementarity. The logic of a reaching in strategy is that it can either be a case of traditional ingredient branding or ingredient co-branding with a partner as a quicker solution to a line extension problem.

Reaching out
The reaching out strategy expands to new markets by choosing a partner that adds to the co-brand’s core benefits and brings in a new customer base (core product complementarity with a new market). This strategy has, according to the authors, become very popular within retail co-branding since it has proven to be an easy way of increasing the sales and profit potential of one single location without a proportionate increase in investment by combining two or more separate services into a single diversified one. To be successful in this strategy, it is important to carefully select the co-branding partner so that it significantly adds to the co-brands core bundle of benefits and at the same time bring in a new customer base.

Reaching up
A reaching up strategy leverage extends complementarity between brands in order to reach a higher target segment within a given (often the partner’s current target market) product class or category. H&M’s collaboration with Karl Lagerfeld and more recently Madonna, as well as Siemens with Porsche Design provide two examples of this logic. By the same logic, PUMA enables the Alexander McQueen brand to reach up to a higher segment in the sport fashion category through the co-branding structure Alexander McQueen PUMA. Reaching up is a strategy designed to achieve greater market penetration by choosing a partner that contributes positive brand image and associations that, while not essential to the core function of the co-brand, nevertheless significantly elevate the co-brands image and value.

Reaching beyond
This strategy involves extended complementarity with the objective of reaching up and out, reaching beyond. The strategy is based on criteria for partner selection that bring both a strong image and access to new customers, a strategy that is a common practice in the credit card industry (Diners with
SAS Eurobonus). The partner should combine a strong brand personality and brand equity, in terms of awareness, with access to a new attractive market.

4.2.3 Findings

**Simplifications with brand leverage models**
The three brand leverage models described above, representing the predominant view of brand leverage, are all built on conceptual limitations. *First,* they miss the interaction and the convergence between the various leverage strategies. *Second,* they fail to capture the mixture of and transformation between the various brand leverage strategies. The details of these limitations are discussed as follows.

**Finding 1: Neglecting the leverage convergence**
The described brand concepts miss out on the leverage convergence that exists between the various leverage strategies. One reason for this is that the leverage models are built on separative principles and emanate from a certain perspective instead of adopting a more holistic viewpoint referring to an extension perspective (Farquhar *et al.*, 1992) or a co-branding perspective (Leuthesser *et al.*, 2003). Nonetheless, they are in fact describing the same things, but only from two different perspectives. Even Aaker (1996), who has adopted a more holistic perspective neglects to notice the convergence, and instead clearly separates extension from co-branding, treating them as disconnected strategies.

Even though the established overarching structure is static and therefore misleading, there are indications of a more integrative approach. Analysing the different brand leverage models in greater detail, one can find hidden convergence descriptions, although not clearly communicated and elusive. One such hidden convergence is to be found in Farquhar *et al.* (1992), who also separate co-branding strategy (horizontal) from extension strategies (vertical). However, studying the sub-branding strategies (vertical axis) more closely, one can find a link to co-branding. The link lies in that this strategy uses sub-brands, introducing new values, to extend the master brand. In other words it is a joint offering based on a mixture of the master brand and sub-brand(s). The co-branding connection within this extension strategy is especially visible in what the authors call “dual mark” (two brands owned by the same company) but also in the use of “brand modifiers”, a description also used by Riezebos (2003) who uses it to differ co-branding from other brand stretching strategies. Another convergence worth mentioning is that Farquhar *et al.* use the description of indirect extension (similar to Uggla, 2002) when introducing their brand leveraging compass. What this indicates is that Farquhar *et al.* do not draw a distinct separation between extension and co-branding but rather perceive them as somewhat joined together. This is also visible in the fact that the authors propose that one should use brand
associations found in the company’s brand hierarchy when extending a brand meaning to a collaboration of associations from brands such as: corporate, family, individual and modifier. Moreover, Leuthesser et al. (2003) describe co-branding as a specific case of brand extension (visible in the reaching out strategy), in which two brands are extended to a new market. As one can see, there are hidden convergences within contemporary brand leverage models, although that is precisely the problem – that they are hidden and not widely discussed.

**Finding 2: Failure to capture the mixture and transformation aspect of brand leverage**

The second simplification of these brand leverage models is that they fail to capture the mixture and the use of various brand leverage strategies simultaneously, which has become an imperative among contemporary companies. One practical example of this leverage mixture is the Axa brand (owned by Lantmännens Axa) which has extended its offering into a wide range of food and food related products such as; bread, cereal, recovery drinks, bars and pasta. The brand has also extended their offering into two different sport clubs; “AXA Sports Club” (with 35 000 members) and “AXA Golf Club”, which they have used as a base from where they have launched additional products. Moreover, AXA is collaborating with the fitness facility “Balance”, a collaboration where Balance ads competence within training and personal development and where AXA stands for high quality regarding food, nutrition and health. This practical example illustrates the reality for most companies today. It is therefore not sufficient to describe the various leverage strategies as individual strategies that are not to be integrated or combined through migration over time – the overall impression one receives from studying these and other contemporary brand leverage models.

There are however, less static sections in each of the three brand models that I believe need to be presented and further developed. One such exception is Aaker’s (1996) more dynamic description of range brand (brand extension), which is seen as a trampoline for future brand leverage strategies and that according to Aaker is based on a holistic rather than incremental view. Another exception is to be found within Farquhar et al. (1992) who within their “sub-branding strategies” briefly describe the potential transformation of sub-brands into individual brands. Yet, the same authors also describe another migration within their discussion of “brand-bridging strategies” where the master brand only plays the role of an endorser until the endorsed brand is strong enough to live on its own, being transformed into an individual brand. In summary, there is a need to include a multilevel brand leverage approach, which better describes the mixture and the transformation of various brand leverage strategies.
4.2.4 Conclusion

There is an overall static approach, spread over different levels and grades, within the described leverage models that consider the various brand leverage strategies as individual strategies that are not to be integrated, combined through migration over time or used as a mixture. However, the integrative notion of “composite brand extension” (Park et al., 1996) as well as “indirect extension” (Uggla, 2002) indicates that a more convergent world-view of these issues does exist, but is unfortunately relatively underdeveloped, little referred to and rarely used.

Moreover, there are more similarities than differences within the described brand models and definitions that could be described as vertical and horizontal parallelisms, something which indicates a possibility for convergence (see figure 14). The separation between extension and co-branding, treating them as disconnected strategies is misleading since they actually are different forms of essentially the same brand leverage strategy, but with slight differences in their “machinery” and/or execution. From a conceptual point of view, it is desirable to create a framework that both recognise the differences and at the same time describes and highlights the similarities between these strategies, instead of drawing a demarcation line. One possibility is to view the various brand leverage strategies (brand extensions and co-branding) as part of an overarching brand territory expansion, introducing a framework that includes a holistic multilevel view of the various brand leverage strategies.

Figure 14: Multilevel brand leverage convergence
4.3 The intersection between co-branding and ingredient branding

4.3.1 Introduction

“In the ongoing effort to survive and grow in the marketplace, marketers have increasingly turned to brand alliances: a marketing strategy wherein two brands join together in the marketing of a product.”

McCarthy and Norris (1999:267)

Today’s competitive marketplace could for most brands be described as difficult or even brutal, with many companies struggling to maintain competitive advantage while contending with overcapacity, downward price pressure and eroding margins. Moreover, for many consumers, competing brands are essentially the same (Aaker, 2003). It is in this environment increasingly hard to create and maintain points of differentiation – one of the main drivers of brand strength. Product differentiation is a classic marketing strategy, well illustrated by General Motor’s legendary success in differentiating itself from Ford by introducing colours. Much has been written about product differentiating strategies (Aaker, 1991; Kotler, 1991; Porter, 1985) and the established view is that successful product differentiation requires distinguishing a product or brand from competitors on an attribute that is meaningful, relevant and valuable to the end user (Carpenter et al. 1994). According to Young & Rubicam Inc. and their Brand Asset Valuator study (conducted every few years covering more than 35 countries, 13 000 brands, 450 global brands and 50 measured organizations): “Differentiation is the engine of the brand train – if the engine stops, so will the train” (Aaker, 2003). However, it is difficult to create new products, features and services that in the eyes of customers are truly distinctive and deliver worthwhile benefits (Aaker, 2003). As brands become less differentiated it becomes increasingly important to find a way to stand out from the competition in a way that is relevant and important to its target group as Jack Trout testifies in his latest book – Differentiate or Die (Trout and Rivkin, 2001). The solution to this dilemma is in many cases to bring together various forms of intangible values (brand equity) in new and creative ways, linking one brand to other entities such as people, places, things or other brands as a means to improve their brand equity (Keller, 2003b). These are all examples of a broader marketing trend of increased collaboration between brands (Blackett and Boad, 1999; Aaker and Joachimstahler, 2000a) resulting in new organisational structures.

The base of these new organisational structures is found in joint branding, dual branding, double branding more commonly referred to as a brand alli-
ance due to its references and conceptual connection to strategic alliances (Rao and Ruekert, 1994). Brand alliance is a specific form of brand leverage in which two or more brands with established recognition are connected with each other over a long- or a short-term (Uggla, 2005), something which often refers to a marketing strategy wherein two brands join together in the marketing of a product (McCarthy and Norris, 1999). Although cooperative marketing relationships have existed for a long time, the research area of brand alliances is relatively new (McCarthy and Norris, 1999). However, this area has recently received more attention from researchers (Washburn et al. 2000; Baumgarth, 2004) even though the reflection of Rao and Ruekert (1999:259) that: “brand alliances present several complexities about which existing theory in marketing is largely mute”, unfortunately still could be stated as true.

There are many forms of brand alliance strategies (McCarthy and Norris, 1999) and even more will be invented in the future (Uggla, 2005). I will in this section focus on two of the main forms of brand alliances, co-branding and ingredient branding, and discuss the interaction between these two. To complicate things, there is no definitive definition of either co-branding or ingredient branding but rather a plethora of definitions based on a mix of both practitioners and academics (Allen et al., 1994; Ruttenberg et al., 1995; Rao, 1997; Blackett and Boad, 1999; Riezebos, 2002). Many of these definitions (Blackett and Boad, 1999; Aperia and Back, 2004) present ingredient branding as one variety of co-branding. One often referred-to basic distinction between these two is that ingredient branding strategies are an asymmetrical strategy occurring when a manufacturer seeks out a recognized brand to use as a key ingredient, material or component incorporated within other branded products (Smit, 1999; McCarthy and Norris, 1999; Desai and Keller, 2002). Conversely, the often more symmetrical strategy of co-branding usually refers to a much broader technique of combining two or more existing brands into a joint product or marketing them together in some manner by transferring positive associations from one brand to another (Rao and Ruekert, 1994; Hillyer and Tikoo, 1996; Park et al., 1996; Rao and Ruekert, 1999; Washburn et al., 2000). However, the many definitions and sub-categories of the two leverage strategies are often joined together and are occasionally clearly separated, making it hard for business and brand managers as well as researchers to understand the essence and the benefits of these common brand strategies. This is evident in the following quote from Blackett and Boad (1999:81): “Ingredients are perhaps the original – and most potent – co-brand partners. Mention co-branding to laypeople and names like Gore-Tex, NutraSweet and, famously Intel will spontaneously and eagerly be cited.”

There is an overall confusion in this area stemming from most traditional brand theories and contemporary brand models presenting: (1) A fragmented image when it comes to definitions and descriptions; (2) limited or no guid
ance regarding the intersection between the two definitions. One reason for this is that the common view among established researchers and well-known brand models is that there is a clear distinction between these two leverage strategies. The aim of this section is, from a conceptual point of view, to identify and describe the intersection between co-branding and ingredient branding.

4.3.2 Conceptual framework

The conceptual framework for this section consists of selected prominent key brand models which individually and as a group characterise the predominant view within this area of brand leverage strategies. They also form a good framework for describing the intersection between co-branding and ingredient branding.

Collaborated value creation

A frequently mentioned brand alliance model was developed by Interbrand (Blackett and Boad, 1999) in order to illustrate how different strategic brand alliances (co-branding) can create value. Blackett and Boad (1999:1) describe the essence of co-branding as: “to encompass a wide range of marketing activities involving the use of two (or sometimes more) brands”. In order to distinguish co-branding from other forms of co-operative venture, these authors use the following two criteria. (1) The expected duration of the co-operative relationship. (2) The nature and amount of potential value that can be created through co-operation. Based on this, their definition concludes that: “Co-branding is a form of co-operation between two or more brands with significant customer recognition, in which all the participants’ brand names are retained. It is usually of medium to long-term duration and its net value creation potential is too small to justify setting up a new brand and/or legal joint venture” (Blackett and Boad, 1999:7).

Co-branding is therefore according to Blackett and Boad everything in-between the extremes of a few months of co-promotion (McDonald’s and Disney’s latest movie), longer joint ventures (Mercedes and Swatch) and alliances with no evident end point (Star Alliance). In order to better clarify what the concept of co-branding includes, the authors also describe four levels of co-branding based on the shared value creation (see figure 15).

Reach awareness co-branding, is the lowest level of collaboration and occurs in order to create and increase awareness within both new and existing customer groups through exposure to the partner’s customer base. The partnership is short-term oriented and involves a low degree of economical and legal connections. It often consists of co-operative marketing and promotional activities, and the brands within this kind of co-branding partnership do not have to be compatible in regard to strategies, positioning or values. One practical example of this is the various co-branding relationships
between consumer companies and credit card processing companies such as; VISA, MasterCard and Diners.

*Values endorsement co-branding*, the second level of value creation is more long-term oriented and is based around the mutual support of brand values and/or positioning. The brands that participate in this sort of partnership should therefore be compatible in terms of brand values and brand associations. By establishing a compatible partnership between two brands, the aim is to build, strength and nurture each other’s brands and to attain alignment in the mind of the customers. This strategy is often used by strong and well-established brands that benefit from their respective equity. One example of this type of co-branding is the collaboration between Bentley and Breitling.

*Ingredient co-branding* is the third level of value creation. This strategy is about using a brand known for its market-leading qualities and incorporating that brand as a component of another branded product, to improve the brand’s image and/or positioning. By doing so the second level, value endorsement, is incorporated into the ingredient branding level. The essence of ingredient branding is that a brand uses and promotes a branded component whose own brand image reinforces the desired values and attributes. One example of this is the collaboration between Intel microprocessors and various PC manufacturers. A further example is the use of Recaro rally seats in non-rally cars.

The highest level, *complementary competence co-branding*, is about two powerful and complementary brands combining to produce a product that is more than the sum of the two parts. This strategy relies on both parties being involved in the process sharing selections of their core competence to the project. In comparison to ingredient co-branding which is based on a specific component contributing to the main brand, complementary competence co-branding is about involving a range of either intangible or tangible components creating a united offer. This type of co-branding is relatively absent in the contemporary marketplace, perhaps because a majority of companies seem more eager to put up a joint venture or create a whole new brand, rather than using a co-branding strategy. One example of this is the collaboration between Esso and Tesco Express, establishing a 24-hour mini-supermarket at petrol stations.
Marc Smit (Blackett and Boad, 1999) further discusses the third level, ingredient branding, and defines it as a specific category within co-branding as well as a strategic tool to leverage a company’s excellence. According to Smit, the difference between co-brands and ingredient brands is that co-brands bring together brands in a single offer to the consumer, while ingredient brands differ in that they are a component of the end product. The essence of ingredient branding is to create a direct relationship with the customers that will hopefully shift the balance of power in the value chain, creating a “pull effect” in favour of the supplier of the ingredient. Moreover, the strategic benefits of ingredient branding differ from one company to another and from business to business, but the most common benefits could be described as: (1) Branding the “invisible” and creating a pull effect, (2) setting up an umbrella to exploit innovation and faster speed to market, (3) leveraging R&D investments and managing the product life cycle, (4) exploiting the value chain strategy, and (5) leveraging the brand’s core values, credibility and associations.

In the same way that there are different strategic benefits for different companies there are also different categories within ingredient branding, something which is not always clear since the empirical cases being used, often could be described as one undifferentiated pool of companies. Smit therefore divides ingredient brand into three different main categories:

1. **Supplier ingredient brands** (Dolby, Intel and GORE-TEX®)
   - Vertically specialised manufacturer, often communicating directly to the consumer which secure high loyalty and increased market share. Key success factors are: (1) consistent and long-term commitment (2) co-operation with chosen original equipment manufacturers, and (3) constant investment in the brand. In
comparison to other non-branded components, these brands have managed to secure demand, high market share and loyalty. Thereby adding value to the entire chain. This kind of brand often has its origin in supplying technologies with a narrowly focused value proposal embracing the monolithic brand route with a limited brand stretch. In order to sustain competitive advantage this strategy requires heavy advertising/communication investments and constant product innovation. Moreover, these companies usually establish an umbrella brand that allows technological improvements and long-term growth (GORE-TEX®), introducing new sub-brands under the umbrella brand in order to create a portfolio of technologies that have different characteristics.

2. **Manufacturer to supplier ingredient brands** (LucasFilm and THX, DuPont and Lycra, Monsanto and NutraSweet)
   - These companies all represent a multi-product portfolio and are to be found at different stages in the value chain (fully or partly vertically integrated) – both supplying and manufacturing. They are exploiting their technologies both directly and indirectly, sometime across different business areas. DuPont is one good example of this strategy which has managed to establish several stand alone brands – with stronger or weaker endorsement of the corporate brand

3. **Proprietary ingredient brands** (AirMax and DriFit by Nike, Trinifron by Sony)
   - These exclusive brands, either own-developed or acquired (exclusively or not) are not exploited in environments other than as a product differentiator or brand attribute in the owner’s controlled brand environment. These branded technologies often add to or reinforce an existing attribute, differentiating the product and/or offering a straightforward value proposal. One example of how to create a flexible and benefit driven approach is Nike who in the category of apparel launched an evolution of technology based on “Fit” (DriFit, ClimaFit, and ThermaFit). However, it is important to be aware that this category does not strictly belong to “real” ingredient branding strategies, but is often associated with it, which leads to confusion and misunderstanding.

**Brand stretching collaborations**

Another contemporary brand leverage model is described by Riezebos (2003). The basis for his discussion about brand stretching theories is image transfer, meaning that associations valuable to consumers are carried over from one brand/product to another. At its minimum, two entities are needed to transfer the association – a source and a target. Moreover, in order to be
able to transfer something, the source needs to evoke certain associations in
the mind of the consumer as well as both entities necessarily having some-
thing in common so that the consumer can relate both entities to each other.

The essence of image transfer is that there is a positive transfer between
the source and the target and that there is only positive (not negative) feed-
back from the target to the source. Riezebos describes four types of brand
stretching theories that are based on image transfer (see figure 16):

<table>
<thead>
<tr>
<th>Brand Stretching Strategies</th>
<th>Source</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1 Ingredient branding</td>
<td>Ingredient brand</td>
<td>Host brand</td>
</tr>
<tr>
<td>#2 Co-branding</td>
<td>Header brand</td>
<td>Modifier brand</td>
</tr>
<tr>
<td>#3 Extension strategy</td>
<td>Flagship product</td>
<td>Extended product</td>
</tr>
<tr>
<td>#4 Endorsement strategy</td>
<td>Endorser</td>
<td>Endorsed brand</td>
</tr>
</tbody>
</table>

Figure 16: Four types of brand stretching theories based on image transfer (Rieze-
obos, 2003:76)

(1) Ingredient brand strategy occurs when a manufacturer markets a compo-
nent that can only be consumed and bought by consumers as part of a
branded article. In other words, NutraSweet is the ingredient brand and
Coca-Cola is the host brand. (2) In the strategy of co-branding, two brands
are forming an alliance for purposes such as launching a new product with
both brand names on it. One example is Phillips – Alessi offering a line of
kitchen appliances. Relevant for determining the header brand is the product
class of the co-branded product. In the Philips – Alessi case the products
could be described as electrical appliances, which therefore labels Philips as
the header brand. (3) In an extension strategy, a brand owner introduces a
new product (extended product) under a name that is already being used for
another product (flagship product), illustrated by Porsche introducing bicy-
cles and baby carriages. (4) Endorsement strategy is when a brand owner
introduces a new product under a new name but at the same time displays an
already existing name on the package and/or in the communication. An ex-
ample of this is Viagra (endorsed brand) which is endorsed by Pfizer (en-
dorser). In conclusion, one tries to carry the images that consumers already
have developed around something, over to something else – from source to
target.
Co-branding
According to Riezebos (2003) co-branding can take the following three forms:

1. *The product level*, where a new branded article is created on the basis of two branded articles. The difference between the product level and the communication level is that the communication level only involves two independent brands which merely recommend each other’s product. Moreover, the product level seems most apparent when the involved brands both have relatively high brand-added value such as Häagen-Dazs ice cream and Baileys liquor. However a product level co-branding could only occur if the following three criteria are met. (1) It should be clear that both brand names are communicated to the consumers – both brands have to appeal to the consumer and be presented in an equal way. (2) The starting point should always be two or more independent brands, so that this strategy is not confused with the endorsement strategy. (3) The brands involved in the co-branding should be used independently of each other, as in the case of Häagen-Dazs and Baileys, in order not to be confused with ingredient branding.

2. *The distribution level* occurs when one branded article is temporarily: (1) Being sold in combination with another brand article. This form is especially well suited for low-budget brand development since the new branded article can “ride the wave” of the established brand. (2) Corporations distribute each other’s brand articles in markets where one party has a good distribution network. This form usually only occurs between non-competing products.

3. *The communication level* where one branded article is praised in another brand’s marketing communication statements, something that is most advisable if the levels of added value differ between the involved brands. This form of co-branding could be of great importance when the brand that should be developed is not capable of initiating enough perceptions of quality, reputations and associations.

Ingredient branding
Riezebos bases his definition of *ingredient /component branding* on Norris (1992), and describes it as a brand that is used solely as a component of a branded article. Furthermore, Riezebos also presents two relevant criteria for an ingredient brand which are:

- That the component can only be bought and consumed by the consumers as part of a branded article – not separately
- That the brand name of the component is only used for such an ingredient (and not for “normal” branded articles as well)
This means that a Michelin tire is not an ingredient brand, even though it is a component, since it can also be bought separately. The same thing applies to Baileys, which is used as an ingredient in Häagen-Dazs icecream, since it can be bought separately by consumers. These examples should instead be defined as co-branding according to Riezebos (2003). Empirical examples of ingredient branding are instead Lycra, Dolby, Intel and GORE-TEX®. These examples are sometimes advertised with the aim of making the ingredient known to as many potential buyers as possible. By doing so, the manufacturer of ingredients educates the end consumer of the advantages, thereby creating a “pull effect” (based on the assumption that the consumers prefer a branded article with a well-known ingredient in favour of one with an unknown ingredient). However, there are cases where the ingredient brand is owned by the same company that delivers the host brand. In these cases the distinction from a proposition brand is relatively vague. A proposition brand refers to a name (usually an attribute or benefit) for an ingredient that is used besides the name of the branded article in order to communicate a unique attribute of that article. The difference is that a proposition brand is not based on a long-term strategic decision while this is the case with the ingredient branding strategy.

From a brand owner perspective there is, according to Riezebos, a clear difference between co-branding and ingredient branding. It is therefore important to notice that in the case of ingredient branding, manufacturers explicitly choose to position their ingredient as a brand in order to create a “pull effect” for their specific brand, thereby bypassing the manufacturer of the host brand. Worth mentioning is that co-branding in some cases is very similar to ingredient branding. However co-branding is more about stimulating sales and getting the (new) target group to try the original article to a larger extent, as well as being based on more mutual advantages and mutual processes of brand building. So, even when a brand is being used as an ingredient brand in another branded article, this does not automatically classify it as an ingredient brand.

**Collaborated differentiation**

Aaker (2004a) describes a brand alliance as something that involves brands from different firms, which are combined to engage in effective strategic or tactical brand building programs or to create co-branded market offerings. Moreover, co-branding occurs, according to Aaker (2004a), when brands from different organisations or distinctly different businesses within the same organisation are combined to create an offering in which both brands are prominent and have a driver role in the offering. The setup for a co-branded offering could be based on that one of the involved brands being an ingredient brand (Pillsbury brownies and Nestlé syrup) or an endorser brand (Healthy Choice from Kellogg’s). It can also be based on co-master brands (credit card with three master brands: Citibank, American Airlines and Visa).
or a joint brand building effort (cross promotion involving Universal and Burger King).

<table>
<thead>
<tr>
<th>Co-branding Strategies</th>
<th>Endorsed brand</th>
<th>Co-master brand</th>
<th>Joint Brand Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ingredient branding</td>
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</table>

Figure 17: Four types of co-branding strategies based on driver role (Filipsson, 2008 based on Aaker, 2004a:20)

Co-branding is, according to Aaker (2004a), one way of capturing the source of two brand’s equity and thereby enhancing the value propositions and the point of difference. However, creating and obtaining points of differentiation is challenging. Aaker (2003) describes one way to solve this challenge as branding the differentiator, something which could create differentiation and credibility even in mature product categories where involvement and interest is low. According to Aaker (2004a:137) a “branded differentiator” is a: “branded feature, ingredient, service or program that creates a point of differentiation for a branded offering that is meaningful for customers and merits active management over an extended time period”. A branded differentiator could be described as product related and is used to enhance relevance, the communication of benefits or credibility of claim. This is achieved through a brand or sub-brand that defines a feature (an owned attribute of the offering that creates a benefit for the customer), ingredient (an ingredient/technology that is built into the offering and implies a benefit and/or feeling of confidence), service (augments the offering by providing a service) or program (augments the offering and expands the brand by providing a branded program linked to the offering). Using a branded differentiator could, according to Aaker (2003) help to communicate and make visible points of difference that properly managed over time can create both competitive advantages and loyalty.

There are numerous reasons one should brand a differentiator:

- **First**, it sends out a message to consumers that the differentiator was worth the commitment that accompanies branding, and that this effort was undertaken for a reason. One example is Audi, branding their four-wheel drive, Quattro, resulting in higher credibility compared to other manufacturer’s generic versions.
- **Second**, a brand name makes it easier for consumers to remember the differentiator and link the associations and differentiator to the parent or master brand. One example is Procter & Gamble’s Pampers Parenting Institute which is easily connected to Pampers diapers.
- **Third**, the ability to enable more efficient and effective communication, meaning that it can also make it easier to express and communicate the differentiation to the public.

- **Fourth**, it could be the basis of a more sustainable competitive advantage since it will be hard to replicate the differentiator. One example of a company which has created its own private label under this strategy is GM, who developed OneStar Navigation a communication and safety system, which created a point of difference from Cadillac and other brands within the GM-family.

However, the problem is that it is difficult to find suitable features, ingredients, services or programs that merit the brand and contribute to the overall brand building. Moreover, creating and building a brand is costly and often not feasible. An alternative to this is therefore to use a brand from another firm, a brand that already has traction, credibility and strong associations, something Aaker (2003) describes as an *external branded differentiator*. External branded differentiators can take many forms, as described above. However, the most common form is branded ingredients with examples such as the agreement between Dreyer’s and Mars, allowing Dreyer’s to use Twix, M&M and Snickers as ingredients/flavours in their ice cream. In order to meet the criteria and to qualify as an external branded differentiator, Aaker (2003) argues that there has to be an exclusive relationship or appearance that competitors cannot have access to the ingredient. As a result of this classification brands such as; GORE-TEX®, Dolby, Teflon, TetraPak, THX, Woolmark, Intel and DuPont Lycra among others, can not be classified as external branded differentiators. I will in the next two sections describe in greater detail non-exclusive and exclusive ingredient branding strategies.

**Ingredient brands**

Many powerful and well-known ingredient brands such as Intel, Microsoft Windows, Dolby and GORE-TEX®, are not exclusive in the sense that multiple competitors can use them. An underlying objective is that the ingredient brands brand owners want as many competitors as possible to use the brand. Consequently the differentiating power of the ingredient brand is weakened or even eliminated (from a partner brand perspective). In some extreme cases the customer will mainly focus on the ingredient brand considering the partner/master brand as a commodity. So, with this in mind, what are the reasons to partner with a non-exclusive ingredient brand? **First**, an ingredient brand may have to be used because of the technology and/or related patents. **Second**, there might be financial reasons for the master brand to accept a non-exclusive ingredient brand. One such case is Intel that provides both discounts to be used and pays up to 50% of a partner’s advertising costs as long as the Intel logotype is on the product as well as displayed in the adver-
tising. Third, ingredient brands which have developed significant brand equity could have been developed into a must (Aaker, 2004a).

Exclusive ingredients
The strength of an exclusive ingredient brand such as in the case of Hershey syrup is that it provides its partners, in this case Betty Crocker Cake Mixes, with sustainable points of differentiation. In the mature and competitive world of cake mixes with three strong but poorly differentiated brands, the Hershey ingredient brand provides distinction and differentiation. However, this differentiation only occurs since competitors such as Duncan Dines and Pillsbury do not have access to the Hershey brand. There are several ways of creating exclusivity. One strategy is to create a long-term contract regarding exclusive collaboration. A second strategy is to use the strength of the first-move advantage and intensive co-brand building in order to become so dominant in the market that the competitors either are discouraged from a similar strategy and/or lack adequate visibility to the end consumer. A third strategy is to obtain ownership and exclusivity of a technology or complementary ingredient. Last but not least is a strategy where one initiates a collaboration with a co-brand that are not attractive to its competitors – when a value brand uses a premium ingredient brand resulting in a premium or super premium brand becoming disinterested in associating with the same ingredient (Aaker, 2004a).

Brand energizers
In addition to this, Aaker (2004a) also describes another phenomenon which touches on the discussion of differentiators. This phenomenon, named brand energizers, is defined by Aaker (2004:25) as: “A branded product, promotion, sponsorship, symbol, program, or other entity that by association significantly enhances and energizes a target brand. The association of the branded energizer with the target brand being actively managed over an extended time period”. A branded energizer could be described as being symbolically related and can be used to create or enhance energy, visibility, interest, brand associations, and credibility. Moreover, a brand energizer is a powerful tool to build and revitalise a brand when its “energy level” is low and it is struggling in a competitive marketplace. Furthermore, a brand energizer can be owned and managed by the company itself or owned and managed by another company. However, when owned by another firm, it still needs to be actively managed which represents a challenge (similar to creating and managing a co-brand alliance). Unlike a branded differentiator (which supports the offering by making it better or by augmenting it so that it does more), a branded energizer is an entity that can live beyond the product and its use. Aaker (2004a) describes these two in a different way, as being two diverse dimensions of a brand portfolio strategy, with branded differentiators having a “product defining role” (augmenting and modifying
within a product-market context) and brand energizers having a “portfolio role” (enhancing and energizing within a brand-building context).

**Collaborated and integrated**

Brand alliances can take two distinct forms based on how they are integrated (Rao and Ruekert, 1994). (1) In *physical* product integration, one product cannot be used without or separated from another. Examples include: a Dell PC with an Intel Centrino chip, Diet Coke and NutraSweet, and Adidas training shoes with Goodyear soles. (2) In *complementary* use, either of the involved products can be consumed independently of the other, as in the example with BMW collaborating with Bose and iPod (Bulik, 2004; James, 2006). A similar categorisation is presented by Simonin and Ruth (1998) who classify brand alliances as being either physical or symbolic. Their description of *physical* alliances is based on the terminology of Rao and Ruekert (1994) and is described as a bundled package of two or more brands (products) that are incorporated into a new product in the form of a branded component with reference to both brands. This definition also fits with Park et al. (1996) and their description of “composite brand extensions”, referring to where two existing brand names are combined on a new product, using the names in a composite format. In *symbolic* alliances (Simonin and Ruth, 1998), brands (names, logos, or other proprietary assets of the brand) are instead combined to provide added meaning through association transfer, which can take a variety of forms. A few examples are: joint sales promotions with brands promoted jointly to enhance sales of both brands (buy one brand – get a second for free) (Varadarajan, 1986; Simonin and Ruth, 1998); joint advertising to illustrate compatibility or support market entry (Samu et al., 1999); or celebrity endorsement (Erdogan, 1999). (James, 2006) Moreover, Rao and Ruekert (1999) continue the research that brands often exist in conjunction with other brands within the same product, and confirm that these brand alliances could range from multiple brands that are physically integrated in a product (Häagen-Dazs combined with various branded liquors such as Baileys etc) to multiple brands that simply are featured in joint promotions (Bacardi Rum and Coca-Cola). A brand alliance could therefore range from multiple brands that are physically integrated in a product (Apple and Motorola), to multiple brands that are featured in joint promotions (Bacardi and Coca Cola), to when an unknown brand allies itself with one that is well known (NutraSweet initially aligned with Coca-Cola) and finally when two or more well-known brands form an alliance (Eddie Bauer and Ford) (Rao and Ruekert, 1994; Simonin and Ruth, 1998; Rao and Ruekert, 1999).
4.3.3 Findings

Simplifications with brand alliance models
The above selected brand models describe various brand alliance strategies, representing the predominant view within this research area. Also, they touch upon the intersection between co-branding and ingredient branding. However, they are all built on significant conceptual simplifications. First, they fail to capture and describe the convergence and the iteration between these two brand alliance strategies. Second, there is a built in paradox within the often clearly described definition of symmetric alliances – the description of co-branding.

Finding 1: Neglecting the convergence and failing to capture leverage iteration
There are both similarities and differences comparing various researchers and their definitions. One similarity is that both Blackett and Boad (1999) and Aaker (2003; 2004a) describe ingredient branding as a form of co-branding, something that Riezebos (2003) contradicts by separating co-branding and ingredient branding as two different brand stretching theories. There are no real patterns or clusters when comparing various researchers, but rather nuances of both similarities and differences (with a focus on differences). An alternative way of looking at these two alliance strategies could therefore be to compare them to something else than to each other. One such method would be to follow the Blackett and Boad (1999) description of the two strategies as variations of different levels of value creation strategies. In comparison Riezebos (2003) instead defines them as two sorts of brand stretching strategies based on image transfer. However, such a discussion will once again only lead to a variety of both similarities and differences, missing out on the bigger picture and the holistic perspective that is needed when studying these two alliance strategies. Going through various brand concepts, all describing these strategies, there seems to be a quest among many researchers to highlight the differences, searching for individual characteristics in order to separate the two alliance strategies from each other. There are of course differences, which in many cases are also important to notice, however, significantly, from a practical perspective, the number of exceptions is mounting, blurring the overarching view and decreasing understanding leading to introductions of additional terms and concepts. One such example is the term “ingredient co-branding” (Uggla, 2005:10), which has been introduced to be able to explain phenomena in the intersection between co-branding and ingredient branding.

If one instead introduced a more convergent view of the two alliance strategies, it would simplify the understanding of this complex area of brand leverage, as well as clarify and highlight the iteration between these two, and how that correlates to individual brands, in other words when a brand has a
distinct identity independent from other brands – not coexistent (Rao and Rueckert, 1994). One illustrative practical example of the convergence and the on-going iterating is the chocolate bar of Daim (owned by Kraft), which is sold as an individual product, though also being leveraged to include limited edition flavours. However, Daim is so much more than an individual chocolate brand, since it is also involved in several types of collaborations within a wide variation of categories. These collaborations are carried out both together with other brands within the Kraft-family, such as a flavour in Gevalia coffee or as a co-branded offering with Marabou chocolate. However, one can also find Daim outside its own portfolio with cases like McDonald’s (as an ingredient in McFlurry) and GB (driver in “Daimstrut” or as an ingredient in Carte d’Or Daim). This case is nothing exceptional, and more and more brands are being used in complex combinations of various brand leverage strategies. What is missing, and becoming increasingly necessary, is a counter force and a framework that is not focused on separating various brand alliance strategies from each other, but instead raises the view including an overarching convergence perspective that will include the iterating between these strategies.

**Finding 2: The paradox of symmetric brand alliances**

One established way to separate co-branding from ingredient branding has been to refer to the difference between symmetric alliances (co-branding) and asymmetric alliances (ingredient branding). However, there is another established way of categorising different leverage strategies (mainly brand alliances) that contradicts the above presented separation. This other way is exemplified by Riezebos (2003), who classifies different brand stretching strategies, both co-branding and ingredient branding, based there always being a source and a target. In other words, there is a built-in asymmetric construction in all types of brand alliances – regardless of whether it is defined as co-branding or ingredient branding. Another example that supports this is Park et al. (1996), who use the concept of modifying and modified to describe the relationship between two different concepts. Moreover, Aaker (2004a) uses the driver role to define co-branding, in that both brands should play a driver role in the offering. However, even though this looks like it is a description of a symmetrical alliance, it is not. When analysing Aaker’s more detailed description regarding the driver role, which he exemplifies with ingredient branding, endorser, co-master brand and joint brand-building, it is clear that the driver roles are never completely symmetrical – they all have an asymmetric character with one or several main driver(s). The paradox is that there is no such thing as a symmetric brand alliance, even though this has become an established way of defining and separating one brand alliance from another. This is true even in cases where both brands actually play a driver role, or in any other way contribute evenly to the final offering. The reason for this is that the conceptual models and their
set-up, always look for a source and a target, as in the case between Philips and Alessi, where one actively searches for a way of determining the header brand (source), which in this case becomes the product class of the co-branded product (Philips), since the end-product could be described as an electric appliance, being the Philips brand category.

4.3.4 Conclusion
Treating co-branding and ingredient branding as two separated strategies within the area of collaborations, is a result of the established static approach that tries to separate each strategy, treating them as individual strategies with no or limited integration or migration. What I have identified and described in this section, leads to the conclusion that this approach is outdated and needs to be challenged with a more holistic approach. An approach that highlights the intersectional issues and importantly, offers a means to understand the various forms of mixtures, migrations and iteration that transform a brand over time.

Figure 18: Collaboration leverage convergence

The boundaries between what could be described as an ingredient brand, an individual brand and co-branding is faded out and to some extent loses its meaning. Instead of following the path of endless additional concepts cluttered with terms such as “ingredient co-branding” or “brand constellations” (Uggla, 2005), I recommend the timely initiation of a counter-force. This counter-force needs to be more contemporary, a kind of framework that better explains the converging reality of multilevel branding and the on-going migration as well as iteration between co-branding, ingredient branding and individual branding (see figure 18).
4.4 Overlooked factors in the brand leverage discussion

In addition to the aforementioned findings, I have also identified three factors, which I intend to discuss in further detail. The motive for doing this, is that I believe that these three factors, so far have been somewhat overlooked in the brand leverage discussion, and that they represent important building blocks, potentially contributing to a better understanding of this specific area of brand portfolio management. The three factors are duration, limitation and integration.

4.4.1 Duration: does time matter?

This, the first of three overlooked factors is about duration, or differently put – the length of the collaboration. This is something that Blackett and Boad (1999) use together with the potential value as two parameters to define co-branding (and indirectly ingredient branding). Even though this is something that the other reviewed brand concepts (Rao and Rueckert, 1994, 1999; Simonin and Ruth, 1998; Riezeboz, 2003; Aaker, 2003, 2004a) do not include this in their discussion, I find it relevant and that should be brought to attention. Blackett and Boad define co-branding with a duration that is medium to long, which means that it includes everything from a few months’ collaborations to long held alliances with no evident end point. A conclusion from this is that very short campaign orientated collaborations are the only type of collaborations that are not defined as co-branding. What does this mean, and is the length of collaboration something that is actually of interest, something that could work as a useful tool or parameter in the creation as well as management of various brand leverage strategies? Moreover, are there any tendencies or trends in terms of length, such as that some phenomena becomes shorter (short-term promotion/marketing campaigns) while others becomes longer (long-term brand building)?

4.4.2 The limitations with limitations

According to Aaker (2003; 2004a) “traditional” ingredient brands such as; GORE-TEX®, Teflon, TetraPak, Intel among others, could not be classified as external branded differentiators, similar to ingredient branding (Rao and Rueckert, 1994; 1999, Simonin and Ruth, 1998; Riezeboz, 2003). The reason for this is according to Aaker that multiple competitors have access to them, in other word – there is a lack of exclusivity. However, what could be described as exclusive or non-exclusive is not always as clear as it is explained by Aaker. Yes, there is in most cases a certain level of exclusivity in most types of collaborations, but in almost all cases, this exclusivity is limited in some aspect so that it only cover a specific country, market or category. Other aspects of exclusivity are that the produced product or service often is
limited in terms of, distribution (selected stores), number of licenses (manufacturers) or edition (number of produced units). One good example which illustrates this complexity is the same example raised in finding 1 – Daim. As described earlier, Daim are involved in several collaborations across many different categories. One specific category that describes the complexity with several levels of exclusivity is the Sweden based collaboration with coffee brand Gevalia, where Daim acts as an ingredient offering flavoured coffee with chocolate taste. However, Daim is also involved in another coffee collaboration in Germany with Jacobs coffee, offering exactly the same thing but with another coffee partner in another market. In summary, using exclusivity as a way of defining co-branding versus ingredient branding could be problematic since there is often a certain element of exclusivity in both of the leverage strategies. Since limitations or various forms of exclusivity is an area within brand leverage that has attracted little attention so far, I believe that there are extensive benefits to be gained from further exploring this area and to learn more about what types of limitations companies work with, how they are mixed, and what sorts of reasons exist for why limitations are used.

4.4.3 The use of integration

One often referred to distinction when comparing different types of collaborations such as, co-branding and ingredient branding, is that co-branding includes two or more brands which could be bought separately outside the collaboration as individual branded products/services, something which is not the case within ingredient branding. Moreover, Rao and Ruekert (1994; 1999) and Simonin and Ruth (1998) discuss various forms of integration that a brand alliance could take. According to these researchers, a physical integration is described as when one product cannot be separated from another, which is exemplified with Dell computers with Intel processors or Diet Coke with NutraSweet. In contradiction to this, a complementary (symbolic) integration is defined as when the involved products could be consumed independently from the other, like for example; BMW and their collaboration with Bose or iPod. However, Blackett and Boad (1999) as well as other researchers do not make any distinction whether the branded component could be bought outside the collaboration as an individual product or not, which results in that they look at Intel microchip or Recaro rally seats as one and the same phenomenon. Yet the questions remain: how relevant is it whether the involved branded products/services could or could not be bought outside the collaboration? Could it even be that this discussion rather belongs to the discussion of exclusivity and strategic limitations? However, if integration is considered an important factor and a valuable tool when discussing and/or managing various forms of collaborations, it should also include a discussion that describes and explains a mixture of these two methods of integration.
Moreover, to keep the research of integration somewhat contemporary, it would be compelling to learn more about any forms of tendencies or trends such as: if some types of collaborations becomes more physically integrated, if others becomes more symbolic and/or what the mixture of these two would look like?

4.5 Conclusions based on the literature review

4.5.1 Proposition evaluation

The outcome of the conceptual review, focusing on intersectional issues, shows the following results regarding the previously presented propositions. In order to maintain a concise discussion, I have used the following abbreviations:

Intersection 1:
- Intersection between house-of-brands and branded-house
Intersection 2:
- Intersection between co-branding and brand extension
Intersection 3:
- Intersection between co-branding and ingredient branding

Proposition 1: Established brand leverage models are often based on simplifications and therefore miss out on intersectional issues between various leverage categories.

- This proposition is confirmed in all three studied intersectional issues. One such simplification is found within intersection 1, where brand collaboration outside the own organisation is excluded, something that must be included in a contemporary description of brand portfolio in order to be realistic and up-to-date. Another example, confirming this proposition, also found within intersection 1, is that there is no description of brands with complex multiple meaning structures (being both master brands, endorsers as well as a generic category but in different contexts). A similar simplification is described within intersection 2, where none of the reviewed brand models capture and describe the mixture and the use of several brand leverage strategies simultaneously referring to the multilevel use of brand leverage that has become an imperative among contemporary companies. The lack of multilevel use is also something that is found within intersection 3, where the convergence and the iteration between various brand alliances strategies is missing.
Proposition 2: *Established brand leverage models are often based on separative principles and divided into static categories, therefore missing out on intersectional issues between various leverage categories.*

- This proposition is confirmed in all three studied intersectional issues. One example of these separative principles is revealed in intersection 1, where this established concept does not capture the complexity of image and meaning transfer between brands within multifaceted brand portfolios, something that will be vital for future brand models. Moreover this proposition is also confirmed within intersection 2, since all reviewed brand models are built on a clear separation between brand extensions and co-branding, treating them as disconnected individual strategies, while there are in fact more similarities than differences between these strategies. By using a static approach, they are all missing the leverage convergence. These are as described in section 4.2.3 indications of a more integrative approach. However, the problem lies in that they are hidden, or at least not widely discussed – leading to the predominant view of brand leverage strategies still holding a separative and static character. This reasoning is confirmed in intersection 3, where the same static characters are found in the description of various forms of collaborations.

4.5.2 The multilevel brand: a dynamic framework for brand leverage

As described in this chapter, there are many forms of brand leverage strategies in the literature, often with a “unique” definition, describing similar things in different ways. However, if analysed more closely, one quickly realises that most of them blur into each other and that there are more similarities than differences. Still, most of today’s contemporary brand models try to categories the various leverage strategies as separative strategies with limited or no integration, migration and/or iteration over time. Summarising the literature review, it is easy to say that it adds to the confusion instead of offering clarity and guidance – to both researchers and practitioners. There is a need to move away from this static dichotomy of brand management towards a more dynamic, flexible and more realistic framework that includes the transformation and the migration/iteration that more and more brands (both corporate and product brands) conduct over their lifecycle. Again, Daim is an example of this, and fit perfectly in the model visualised on next page (figure 19).
After completing the literature review and introducing a more dynamic way of describing this area of brand management, I find it hard to get hold of existing relevant empirical data to use for testing this new viewpoint. My practical experience tells me that there are various forms of nuances between the different leverage strategies and that contemporary brand portfolios include a mixture of brands and emerging forms of brand leverage – in or outside the organisation. The next step is therefore – in line with my research question 4 - to collect own empirical data, testing the idea of multilevel brand and the new more dynamic framework of brand management described above.

Figure 19: The multilevel brand
5. Methodology: the need for additional data

As described in 4.5.2, there is a need for a new and more dynamic approach towards brand management that calls for additional data. This chapter covers the sometimes crooked path to knowledge and the method used when collecting additional data. This chapter will also provide the reader with a more detailed description of the case study, a discussion of the quality of the research as well as a description of the empirical model used in the case study.

5.1 Research approach
The interplay between theory and empirics is something that has influenced the entire research process of this dissertation. Being a research student and at the same time working as a brand consultant is an important part of who I am, how I look at things and the chosen research approach, something that best could be described as a sort of clinical research, with the exception that none of the empirical case companies relates to my work as a brand consultant.

5.1.1 Abductive research
Due to similarities between clinical research and my deep insights from the “black box”, it is my belief that neither a deductive approach (objective view of reality – theory based) nor an inductive approach (subjective view of reality – empirical based) fit the best with this research (Johansson Lindfors, 1993; Saunders et al., 2000; Alvesson and Sköldberg, 2008). I have instead chosen a third alternative, an abductive approach, which in simple terms means the ability to see patterns and to reveal deep structures (Alvesson and Sköldberg, 2007). There are several motives for this choice. One is that the problem area and overarching aim require an approach that through empirical studies, further develop or challenge existing theory (Wiederman, 1991). Another motive is that the search for a deeper understanding of intersectional issues within brand leverage fits with what Alvesson and Sköldberg (2008) write about abduction – that it includes a higher degree of “understanding” and what Dubois and Gadde (2002:559) present as: “An abductive approach is fruitful if the researcher’s objective is to discover new things – other variables and other relationships “.
Moreover, this research process follows the assertion that it is critical for a researcher to go back-and-forth from one type of activity to another, and between empirical observations and theory, in order to increase the understanding of both theory and empirical phenomena (Dubois and Gadde, 2002). Dubois and Gadde also describe the abductive research process as a “matching process”, which correlates to how the research has been conducted. Described from the perspective of this research, the abductive matching process could appear as follows. First, in the beginning of the research, established brand portfolio as well as brand leverage models were used to form an initial framework – a frame of reference. Second, two explorative propositions emerged from this literature review, which resulted in a conceptual based research model focusing on intersectional issues within brand leverage. The evaluation of the propositions and the conclusion of the literature review raised a need for additional data, something which was gathered through empirical cases. Third, parallel to the empirical data collection is an on-going search for additional supporting theories complementing the initial framework. This search is guided by the fact that the empirical observations and the initial conceptual framework did not match. Fourth, based on this understanding, a “new” and updated model was created, which could explain some of the interdependencies that had been empirically identified. Last, the empirical fieldwork continued from this revised theoretical framework.

The abductive approach was introduced by Charles Sanders Peirce in 1878 (Jensen, 2002), and is related to both induction and deduction, since the researcher alternates between these two approaches. However, it is important to notice that abduction should not be reduced to a mixture of deductive and abductive approaches (which is often done) since it adds new and contributes to its own sets of benefits (Alvesson and Sköldberg, 2008). In other words, it derives from empirical facts, much similar to induction, but does not reject theoretical pre-conceptualisations and therefore also conforms to a deductive approach (Alvesson and Sköldberg, 2008). More practically described, in abduction there is a gradual interpretation of theories and empirical data. Earlier theories and studies are used in the empirical analysis as a source of inspiration, and to discover patterns which will increase the understanding (Andersen, 1994; Alvesson and Sköldberg, 2008).

Also, an abductive approach stresses theory development rather than theory generation since it builds on the refinement of existing theories rather than inventing new ones, described by Dubois and Gadde (2002:559) as: “This approach creates fruitful cross-fertilization where new combinations are developed through a mixture of established theoretical models and new concepts derived from the confrontation with reality”. This is something that has influenced the set-up of the empirical research and the role that literature plays since it is my (the researcher’s) objective to discover the new – other variables and relationships. According to Strauss and Corbin (1990 - se re-
view in Dubois p. 559), it is important to enter into research situations with some background in what they refer to as “technical literature”, and they argue that there is no need to review “all” of the literature beforehand. This is, according to Dubois and Gadde, also not possible since the empirical fieldwork parallels the theoretical conceptualisations – the “need” for theory is created in the process. In summary, the base for this research stems from the idea that theory cannot be understood without empirical observations and vice versa and that research is a continuous movement between the empirical world and the model world (Dubois and Gadde, 2002).

Furthermore, the purpose of this research could be described through any or a combination of the following three classifications: exploratory, descriptive and explanatory (Hellevik, 1987; Patel and Tabelius, 1987). The overarching research purpose of this dissertation is best described as an explorative study, since this research seek new insights and ask questions to evaluate old phenomena in new light (Robson, 1993). It is also a relatively new or exploratory research area which is not yet widely explored among other researchers. However, some parts of the research possess the character of descriptive research, given that the research has the intention of describing the intersection between various brand leverage strategies as accurately as possible (Hellevik, 1987), and also to describe some characteristics of the problem areas (Patel and Tabelius, 1987; Aaker and Day, 1990). Moreover, in the final part of this dissertation, the research has the character of being explanatory research since conclusions are drawn on collected data with the aim of explaining the relations between some of the studied phenomena (Patel and Tabelius, 1987; Aaker and Day, 1990; Saunders et al., 2000).

5.2 Qualitative research

This dissertation will primarily be based on qualitative methods since the core of this approach is more suitable for the nature of the dissertation’s research problem – the study of complex phenomena and processes (Glaser and Strauss, 1967). Instead of focusing on quantifying results, the aim is to understand, describe and characterise the elements of the problem area, something which is more desirable and will better contribute to answering the overarching aim and research questions. Patton (1990:94) describes this as follows: “Qualitative methods are first and foremost research methods. They are ways of finding out what people do, think, and feel by observing, interviewing, and analysing documents.”

A qualitative research method also refers to subjective collections of data and analysing methods, often consisting of verbal work (Johansson Lindfors, 1993; Patel and Davidson, 1994). This type of method is characterised by a lower grade of standardisation compared to quantitative methods as well as the closeness to the source from which the data is collected, characteristics
which compliment this research method. Another benefit of qualitative research is that it has a more holistic perspective that makes it possible to better understand social processes and contexts (Holme and Solvang, 1997), since it consists of detailed descriptions of situations, events, people and interactions. It could also consist of direct quotes from people that speak about their experiences, attitudes, opinions and thoughts (Patton, 1990), further accommodating the aim of this research.

5.2.1 Case studies

The qualitative research will be in form of multiple case studies (Merriam, 1998) which will add to a deeper and more extensive understanding of what practitioners think of and how they work with brand and brand leverage. Or as Dubois and Gadde (2002:554) put it: “The interaction between a phenomenon and its contexts is best understood through in-depth case studies”.

Another reason for choosing case studies as a research method is that the problem area and aim of this dissertation are predominantly exploratory, and that case studies as a method are particularly good when questions such as “why?” and “how?” are asked. Moreover, case studies are preferable when the researcher focuses on contemporary events but does not need to control the actual behaviour (Yin, 2003). According to Yin (2003), case studies as an approach typically combine different methods of data collection, based on six different sources of evidence (documentation, archival records, qualitative interviews, direct observations, participant observation, and physical artefacts). Gummesson (1991a) has a similar way of describing the various ways of collection data in a case study (existing material, survey, qualitative interviews, observations and action research). Among these, qualitative interviews is the most common method, often used in combination with existing material. In this research, this is exactly what has been done, in other words combining documentation, archival records and qualitative interviews. Using multiple sources of evidence is also referred to as triangulation, and will add to the validity of the research (Yin, 2003; Alvesson and Sköldberg, 2007).

As said earlier, this research will consist of a “multiple” yet limited number of empirical cases, focusing intensively on a specific phenomenon – intersectional issues within brand leverage. Alvesson and Sköldberg (2007) describe this type of research method as idiographic research (in contradiction to nomothetic), based on the fact that this research has focused on particular cases rather than en masse. Another aspect that influenced the choice of using “multiple” case studies is that an abductive approach often has to be controlled through the use of several cases (Alvesson and Sköldberg, 2008).
5.2.2 Selection criteria

The selected criteria for the case companies is based on the aspiration that the empirical research should be neither industry nor company specific, but rather capture more general insights how companies look at and practically work with brand leverage. However, in order to limit the number of potential case companies, the selection criteria were narrowed down to the following five parameters. The companies should:

1. Have one or several well-known/strong brands in their portfolio.
2. Actively work with strategic brand management.
3. Be international and represent different industries.
4. Have an own organisation or representatives in the Nordic market.
5. Have a multifaceted brand portfolio and be involved in several forms of brand leverage strategies (brand extensions, co-branding and ingredient branding).

Some of the reasons behind these five criteria are described in the same order as listed above. (1) The case companies should all consist of well-known/strong brands in order to create an eye-catching dissertation, but also because the research has to be based on empirical data from companies that consider brand and brand issues important parts of their business development. (2) Moreover, the case companies should also work actively with strategic brand management. In other words, branding issues should be managed as important components of the business strategy and involve all aspects of the business, not something that only concerns the marketing department. (3) The reason why the case companies should be international and represent different industries is mainly based on the aspiration that the analysis as well as the conclusions should be applicable in a wider context, without any limitations with regards to country and industry. (4) Accessibility to the companies included in this research was crucial, it was therefore important that the companies had an organisation/representation in the Nordic market. (5) The need for a multifaceted portfolio and the involvement in various brand leverage strategies relates to the overall aim of this dissertation (explore brand portfolio management from a leverage perspective...) and the connected research questions, especially question 4 (...describe brand leverage and related intersectional issues...).

Moreover, based on the aforementioned criteria a list of approximately 20 potential case companies was constructed. The list was, as a second step, separated into three sections, all consisting of strong and well-known brands that matched the selection criteria. The difference between the three sections was based on my interpretative ability to gain access, where the first selection of companies represent the companies with which I have a connection, the second represent companies accessed by introduction through a third
party, and the third selection which could be described as “cold calls”. Ac-

cessibility, the opportunities available to find empirical data and information,
is an important selection criterion that influenced the choice of case compa-
nies in this research. My ability to create access gave me a clear advantage
during the period that empirical data was collected. One important reason for
this advantage is the broad contact network that I have built up through
working as a brand consultant and prior to that when working with my own
distribution company. This affected the accessibility both in terms of that I
know people working at interesting companies with well-known brands, but
also that I know people which could act as a third party or “sponsors” open-
ing doors which otherwise would have been hard to gain access to. Patton
(1990:254) describes this as: “Often the best approach for gaining entrée is
the known sponsor approach. By this tactic observers use the legitimacy and
credibility of another person to establish their own legitimacy and credibil-
ity”. In summary, this resulted in the ease and scope of access and the ability
to meet the case companies and the people that I intended to meet. The out-
come of the stated selection criteria and the final access to data resulted in a
multiple case study made up by seven empirical case companies. The seven
case companies included in this research are: (1) Bang & Olufsen (2) Adidas
(3) W. L. Gore & Associates (4) Peak Performance (5) Electrolux (6) Micro-
soft (7) H&M.

5.3 Data collection

The sources of information used for the empirical case studies are personal
interviews and secondary data which will be described in greater detail in the
following section.

5.3.1 Interviews

In qualitative research, the researcher plays an important part of the scien-
tific process (Aperia, 2001), which in this research has resulted in the main
source for the case studies coming from personal interviews (primary data).
These interviews were carried out with key-persons with deep knowledge
about their company’s business and brand strategies (CEO, Marketing Direc-
tor, PR Managers and/or Brand Managers). All interviews took place in
Sweden and the respondents either represented the Nordic subsidiaries or the
global headquarter. Moreover, five of the seven conducted interviews were
made with one person (exceptions are H&M and W. L. Gore & Associates),
they were all made face-to-face in Swedish (since all respondents were na-
tive Swedish). Using face-to-face interviews permit the researcher to also
observe the body language which could provide additional information to the
spoken word (Dane, 1990). Moreover, using face-to-face interviews gives
the researcher more time and often results in a longer interview (Dane, 1990), in this case approximately 2 hours. I also recorded each interview, gaining the respondents consent before the interview took place. The reason for choosing personal interviews as a method instead of telephone interviews or questionnaires is that it will give me a better chance to explain the questions, avoiding misunderstanding, something that is of importance since the base of case companies and interviews will be relatively small (Patel and Davidson, 1994).

According to Aaker et al. (1998), there are two types of personal interviews: the open interview and the semi-structured interview. The interviews could best be described as semi-structured personal interviews since the questionnaire is less formulated in detail and instead has a more informal character, a mixture between being completely standardised and entirely unstructured (Dane, 1990; Patton 1990; Aaker et al., 1998). Moreover, semi-structured questions perform well if the objective is to gain understanding and are appropriate for explorative studies, following the predominant purpose of this dissertation. The decision to use semi-structured interviews also relates to the possibility to add follow-up questions (Dane, 1990). Too much prior structuring of a study will blind the researcher so that he misses out on important features while very loose frameworks might lead to random data collection followed by data overload (Miles and Huberman, 1994). This has also influenced me in the sense that I have tried not to read “too much” about the conceptual area before the interviews in order to remain a fresh view. This is something that Alvesson and Sköldberg (2007) explain could otherwise become a risk, since the researcher could become over-dependent on earlier authorities and old problems, resulting in difficulties to see new things and new possibilities. In other words, there is a need to be open to the multitude of meaning and have an open attitude towards unknown aspects that a certain concept can give rise to. This correlates with what Dubois and Gadde (2002) refer to as two types of data, passive and active. Passive data refers to the type of data the researcher has set out to find (it appears through search). Active data on the other hand refers to various sorts of discoveries (data that could never have been found through search). Interestingly the active researcher will only get access to passive data while the more passive researcher will require more active data. These above described insights have in this research resulted in semi-structured interviews where the first section was characterised by the respondents being able to talk more freely (active data collection).

Before the interview, all respondents received a confirmation mail which also included a few opening questions. (1) Briefly describe the (company name) industry. (2) How would (company name) describe the term “branding”. (3) How many brands would you say that (company name) has in its brand portfolio. (4) Name the most influential/important ones. These questions could be answered before the interview but were in all cases answered
during the first part of the interview. The aim of this introduction was to get the practitioner’s overarching view of themselves, on branding and to develop an insight into how they refer to their own brand portfolio. For complete questionnaire, see appendix.

The conducted interviews consisted of two different sections both of which had their own character, set-up and sub-aim, but originated from the overarching aim of listening to the practitioner’s and hear their views about branding without referring to contemporary models, definitions and classification systems. The first section (referred to as case specific) therefore has a relatively open structure with the objective to hear the practitioners’ use their own vocabulary and expressions to describe, categorise and label the way they work with brand leverage. When completed, a pre-sketch is presented (see figure 20 below for an illustrative example and the appendix for actual pre-sketches) to the respondent, describing how I have interpreted their brand portfolio and its various brand leverage (based on secondary data). The respondents were asked to comment on the sketch and based on the following discussion a new updated brand leverage map was drawn. The second section of the interview is based on the newly updated brand leverage map and therefore has a more semi-structured character since the objective is to learn more about how the practitioners’ look at and work with specified intersectional issues. The last part of this, the second section, further examines what the practitioners’ regard as the trends and the future within brand leverage.

![Image of Company X with Brand Leverages]

*Figure 20: Illustration of a pre-sketched outline*
5.3.2 Secondary data

In addition to the personal interview, each case study also includes a short description of the company. These case descriptions were written before the interviews (but updated after the personal interview if needed), had to fit into an A4-page and were based on the following three headlines: introduction, brand portfolio and brand leverage initiatives. There are two main reasons as to why these case descriptions were written. (1) To help me as a researcher learn more about the different case companies in order to be better prepared for the interview and to be able to draw a pre-sketch of how I interpreted the company’s various brand leverage. (2) To better introduce the different case companies to the readers of the dissertation.

Both the case descriptions and the pre-sketches are based on secondary data in the form of reports, research, and statistics. The source of the secondary data refers to both internal as well as external documents regarding the case companies, where some are public (annual reports) and some are confidential (internal strategic documents). A few examples of the secondary data that I have used are:

- The companies official web-pages
- Data bases: Affärsdata, Hoovers and Datamonitor (company profiles)
- Annual reports, articles and other external reports (sustainability, CSR)
- External product brochures and catalogues
- Internal presentations
- Internal brand documents: brand guidelines, design guidelines, strategic documents and brand books.

5.4 Research quality

There are several ways to attain and measure the quality of a research design. One well-known test which suits qualitative research is the method of validity (the extent to which the findings really measure what is intended to be measured), or as Gummesson (1991b:81) describes it: “Validity means in essence that a theory, model, concept, or category describes reality with a good fit...”. However, the method of validity is somewhat contradictory to an abductive research approach. The reason for this is that verification and validity in an abductive approach could be described as a less important objective, since the main issue of such an empirical research lies in the possibility of revealing unknown aspects – discovering new unanticipated but
related dimensions of the research problem (Dubois and Gadde, 2002). An alternative way of evaluating a qualitative research is therefore through trustworthiness and authenticity. According to Patton (2002), these terms better explain the integrity of a qualitative research since they allow various descriptions of “reality” compared to one absolute truth (realism) which is implied by methods such as validity. With this in mind, I have worked actively with several tactics in order to design a trustworthy and reliable case study, something which could be described through the following four criteria: (Reference to Guba and Lincoln in Bryman and Bell, 2005).

1. **Credibility:** to increase the credibility of this dissertation, I have throughout the entire dissertation tried to be as transparent as possible by sharing my methods and thoughts.

2. **Transferability:** To make the results transferable to as many companies and industries as possible I have in the selection criteria decided that the seven different case companies should represent different industries.

3. **Dependable:** In order to be dependable, I have included all steps in the research process including the entire transcripts of the personal interviews.

4. **Conformability:** In order to reduce the impact of my own values that could affect the results, I have used multiple sources in order to try to study the reality from as many different angles as possible.

Moreover, I have tried to avoid asking leading questions in order to prevent research bias, something which I also tried to decrease by recording the interviews. However, since the interviews mostly involved one person, there is a chance that this might have affected the answer in the way that it becomes more of the respondents’ personal view rather than the companies’ official view. In order to limit this dilemma, this issue was discussed at the beginning of each interview and the respondent was asked to answer from a company perspective. Furthermore, the transcript of each interview was sent to the respondents who carried out a review in search of errors and misquotations. The transcript was in most cases also sent to other people in the organisation, in order to capture the company’s view, not purely that of the respondents. When it comes to the authenticity of the research process, I have conducted the interviews with key-persons who all have deep knowledge about their company’s business and brand strategies (either global or country representatives) in order to obtain the company’s point-of-view.

Another form of test measures the ability to generalise the findings from one study to another. The case study approach has often been criticised based on the argument that case studies provide little basis for scientific generalisation since they are situation specific (Dubois and Gadde, 2002). However, this rather negative view is less common today due to statements such
as “findings are unstable over time” (Weick, 1979:37) and that the researcher should “try harder to make interpretations specific to situations” (Dubois and Gadde, 2002:554 with reference to Cronbach 1975), something which has strengthened the scientific method of learning from a particular case. In summary, what for a long time has been considered a problem has now transformed into an opportunity. Case studies are today a common method and there are many researchers who believe that it is also possible to generalise from smaller numbers of case studies – all very similar to the set-up of the empirical case studies in this research.

“If you have a good descriptive analytic language by means of which you can really grasp the interaction between various parts of the system and the important characteristics, the possibilities to generalise also from very few cases, or even one single case, may be reasonable good.”

(Gummesson, 1991b:78)

Finally, there are other methods which also contribute to the quality of a research but they are more commonly used and play a more important role in quantitative research. One such method is the concept of reliability, or the extent to which the same result will occur if a different researcher conducted the same investigation under the exact same circumstances (Yin, 2003). Even though this concept has a lower correlation with the chosen method in this research, it has been considered in areas such as credibility, and dependability. However, findings from non-standardised research methods are not necessarily intended to be repeatable since they replicate reality at the time they were collected, in a situation that may be subject to change (Marshall and Rossman, 1999). However, this shortcoming plays a less important role compared to the positive aspect of the flexibility needed to investigate the complexity of the problem area. Moreover, a standard interview template was used during all seven interviews which could be used by other researchers in order to further understand the process.

5.5 Empirical model

This, the last section of the methodology chapter describes the empirical model of the case study which will be presented in its fullness in the next chapter. The description of the empirical model has been chosen to conclude this chapter since it summaries the calls for additional data. The empirical model refers to the platform which has been used in the search for additional data in terms of seven identified areas being explored in the case study, and which follows the structure of the interview and the transcript in the next chapter. Each of these areas is either based on the two propositions, the find-
ings described in each intersectional issue, the three overlooked factors and/or from the evaluation of the propositions. The precise correlation is described below under each research area:

1. **Introduction**: General input regarding how practitioners view branding, what they include in the concept, as well as how they describe their own brand portfolio.
   - This area works as an introduction, and is based on some of the findings described in section 4.1.

2. **Case specific**: Explore how practitioners use existing brands when introducing new products, services and/or other types of offerings. Moreover, it studies how practitioners describe these phenomena using their own vocabulary and terminology. This area also looks into how practitioners cluster and categorise different types of brand leverage phenomena and how they are defined.
   - Correlates to the two propositions, but also to some of the discussed findings from section 4.2, 4.3 and 4.4.

3. **Movement**: Do the empirical case companies view the different categories as separate strategies with no or limited connections to each other, or are they considered as something which is joined together in various levels or migrated over time?
   - Mainly correlates to both propositions, but also to some of the discussed findings from section 4.1, 4.2, 4.3 and 4.4.

4. **Motivation**: What motivates the case companies to start working with this type of leverage strategy, and are there any differences in terms of motivation between the different strategies?
   - This area is an extension of the three research areas above and also works as a sort of “control area”, which could be linked to other answers – looking for various patterns.

5. **Duration**: Are there any similarities/differences in terms of duration between the different leverage strategies? What are the trends in terms of duration and what kind of brand leverage strategies are leading these trends?
   - Correlates to the overlooked factor of duration described in section 4.4.1
6. **Limitation:** How do companies reason when it comes to exclusivity and limiting the extent of brand leverage? What limitations do they work with and does it differ between different leverage strategies?
   - Correlates to the overlooked factor of limitation described in section 4.4.2

7. **Integration:** Are there any similarities/differences in terms of integration between various leverage strategies that incorporate collaborations? What are the trends in terms of integration? What type of collaborations is leading these trends and are there any specific clusters that are evolving into becoming more physically and/or symbolically integrated?
   - Correlates to the overlooked factor of integration described in section 4.4.3

8. **The future:** What do the empirical case companies predict that the future will look like when it comes to brand leverage and are there any specific trends that they believe will influence/have an impact on how companies will work in the future?
   - This area of interest is not correlating with any of the conceptual intersections but rather aims at collecting data for future research.
6. Acquiring data from seven companies

Where previous chapters focused on conceptual identification/descriptions and methodological considerations, this chapter presents the transcripts of the seven empirical case companies in the case study. For an introduction of the empirical case companies, please read “empirical cases: an introduction”, in the appendix.

6.1 Bang & Olufsen

*Date of interview: 8\textsuperscript{th} of May 2008*

*Industry: The entertainment industry*

*Number of employees: 2 520 people year 2007*

*Turnover: Net turnover 4 376 Million DKK year 2006/07*

**Introduction**

“Branding – the values and the personality of a company. Branding includes ALL aspect of a company and especially how it is perceived. The content of a brand could be hard, soft, sophisticated or even untouchable, but always connected to a feeling.”

Bang & Olufsen, 2008

According to Bang & Olufsen (B&O), the company only has one brand in their portfolio – the Bang & Olufsen brand, also answering the question of which brand(s) the company considers to be the most influential and/or most important in the portfolio. There are of course products and name structure within the portfolio are characteristic of sub-brands (the overall product name “Beo” that are used on almost all B&O products), though these examples have never had a brand status in the B&O organisation since it has always been clear that it is the B&O brand that should be communicated and built.
Bang & Olufsen logotype

This monolithic one-brand strategy is something that has been part of the company for a very long time, and something that has resulted in B&O consistently rating highly in different brand rankings. One recent example is when the brand became the 5th coolest brand in the world in the Coolest Brand Award. There is something unique about B&O, and the respondent explains that while B&O have positioned themselves as one-of-a-kind within the entertainment segment, located in-between the luxury segment with luxury companies like Louis Vuitton, and the home electronics segment with companies such as Sharp and Samsung. B&O does not have that many real competitors and those that do exist are often very small actors like for example Loewe in the TV-segment. Apple could be seen as a competitor but only from a lifestyle point of view, not from the luxury segment to which B&O belongs.

Case specific
When asked how B&O work with their brand in terms of brand leverage, the first response was to describe the range of collaborations that B&O is involved in. The following types of collaborations were described by the respondent: (1) B&O collaborates through its subsidiary B&O Automotives with Audi in the car audio segment, offering unique solutions for most of the Audi-models. Audi is however not the only car manufacturer that B&O collaborates with, since B&O also has initiated a collaboration with Aston Martin. The set-up for each of these auto collaborations is unique which means that the solution and the products offered together with Audi are different from the ones that are available in an Aston Martin. There are also several different levels of solutions between the different car models with a more exclusive sound solution for Audi A8 than for Audi A4 as one example. Today there are two types of these collaborations – Audi and Aston Martin – something that will increase in the future with an additional 1-2 car partners. One reason for this increase is that this type of collaborations has been very successful both for B&O and for Audi with sales increasing during the last years from 7% of the cars sold, to today’s 20% of all Audi cars. (2) Another type of collaboration is the one between B&O and Samsung which resulted in the two mobile phones: “Serene” and “Serenata”. One reason for this collaboration is that there is already a form of alliance between the two compa-
nies with Samsung supplying B&O with LCD-screens, and B&O supplying Samsung with high quality aluminium as well as their amplifier technology (B&O ICEPower) in their mobile phones. (3) Besides these two, there is a third type of collaboration that B&O is involved in through its subsidiary Enterprise. The Enterprise-collaborations are based on the existing product range that is offered to super-premium resorts, fashionable five to six stars hotels, and exclusive property developments. (4) On top of this, there are “lighter” versions of collaborations, all globally executed and all based on the existing product range. A few examples are; bags for B&O MP3-players together with Louis Vuitton, special designed MP3-solutions for the exclusive sports car manufacturer Pininfarina, and audio-solutions for sports car manufacturer Lamborghini and for the exclusive yacht manufacturer Ferretti. Another version of these “lighter” collaborations are more local collaborations which in Sweden include exhibitions with different furniture manufacturers (Lammhult, OFFECCT, Cappellini), and partnerships with local art galleries. B&O also work with different magazines such as Plaza Furniture, mainly to communicate the overarching offering and to build the B&O brand. Within these lighter collaborations there are also more event-orientated collaborations. One example is B&O and Danske Bank - Private Banking, with a joint VIP-party with customers from both companies, building relationships with existing and new customers.

The core of the B&O-brand is “lean back” meaning when you take pleasure in the experience at home or where you feel at home. In other words, the core products and the playground for B&O lie in what B&O define as “entertainment” and “where you feel at home”, which explains why B&O describe that they have not carried out any extensions of the brand. Another aspect of this is the fact that the entertainment segment moves more and more towards being digital further blurring the borders of the category. One possible exception could be the manufacturing of 100% premium aluminium, something, as was explained to me, has been a vital part of B&O since the 1960s and therefore is strongly connected to the core of the brand, resulting in that it is not considered a brand extension.

When the pre-sketch (see appendix) was presented to the respondent, the following changes were discussed which resulted in the below presented brand leverage map for B&O.

- B&O Medicom has been sold and should therefore not be included.
- B&O Telecom had low or no relevance to this leverage map.
- B&O have tested sponsoring with a Danish golf pro. However, B&O have decided that they should not appear only with their logotype and have due to this reason stopped all types of traditional expo-based sponsoring.
An additional type of collaboration with schools and universities were added with examples such as: Royal Institute of Technology (KTH) and Århus University

**Figure 21: Bang & Olufsen brand leverage map**

The main reasons behind this categorisation according to B&O are as follows. (1) **Core and competence**: As described earlier, home entertainment with “home” being where you feel at home, is the broad definition of the B&O offering. The manufacturing of amplifiers and premium aluminium is closely linked to this core offering. The production of amplifiers communicates and represents the **competence** in technology development (B&O is more than good design) and aluminium communicates and represents the tradition of industrial **craftsmanship** and material knowledge (B&O also have their own production of premium material such as plastic and coating). (2) **Mobile**: This collaboration is what B&O define as co-branding, a symmetric collaboration (where something is developed together) where the partners stand for an equal share of the final offering, something which is also communicated to the end-user. (3) **Auto**: These car audio collaborations are not symmetric and therefore, according to B&O, something different than the mobile ones – not co-branding. B&O develop unique solutions for each manufacturer and for each car model, but this is only an optional element or component, not a vital part of the end product. (4) **Light**: These types of collaborations (both global, local and events) are more ad hoc orientated, shorter in time, and differing from previous collaborations in the sense that they are to a larger extent based on the existing product range. Moreover, these collaborations are more PR and marketing orientated and do not add any substantial income to the overall revenue. There are examples of these types of collaborations that are defined by B&O as co-branding. (5)
Schools: These types of collaborations do not include any types of products, but are rather a mix of research and development and knowledge sharing within the field of industrial design and technology. (6) Enterprise: A type of collaboration based on individually created solutions from the existing product range, in other words, a very limited development (mainly software) for each customer where B&O work as a traditional supplier. (7) Technology and components: A type of alliance built on technology developments which are not communicated to the end-user.

Movement
The most obvious integration between the above-described categories is the one between the technology and craftsmanship categories and all the other categories since amplifiers and aluminium are used in most B&O products. There is also a close integration between the external alliances within technology and components and the core products since technology and components alliances are important parts of most B&O products. One reason for this is that B&O constantly update their products with new technology, since the product life cycle is extremely long compared to other manufacturers. In addition to these two, the most obvious integration is the collaboration with Samsung that resulted in two new products in the collection (mobile phones). Moreover, there is also a strong integration between most of the local partnerships and the core products since the purpose of these events and partnerships is to promote the B&O brands and its overarching offer.

On the migration side there is an on-going iteration between the competence category and school partnership in the process of challenging today boundaries and technologies, which will influence all the other categories.

Motivation
The motivations behind the various categories differ to some extent and are explained by the respondents as follows. (1) Auto: The car audio segment was chosen since it presents a good opportunity for B&O to reach new target groups and a great way to increase revenue. It also turned out to be a strong win-win result for the involved brands, since it is clear for the consumer which brand stands for which benefit and what the involved brands brought to the collaboration. Another reason why car audio was chosen is that this segment has a strong correlation to “when you feel like home”, meaning that the car is one of those places where you can really listen to music and create your own universe. (2) Mobile: This collaboration is based on the existing alliance between Samsung and B&O. It is also in some sense connected to “home” and “entertainment” since various gadgets, such as the mobile phone, have become a very important part of our daily lives, and that entertainment nowadays is a part of our mobile phones. These mobile phones are only sold in B&O stores and one motive is therefore to increase the overall sales in these stores. The outcome of this type of collaboration within mobile
phones has been less successful than the car audio collaborations. Partly due to the fact that it is less clear to the customers which brand does what in the final offer, something that decreases the added value of the collaboration. The collaboration with Samsung will definitely continue but rather within the technology and component alliance. The respondents do not see any additional externally communicated collaboration similar to the one with the collaborated mobile phones. (3) Light: The role of these more ad hoc orientated types of collaborations is primarily to increase PR and marketing, and to create a buzz around the brand. A specific characteristic of this type of collaboration is that the decision of which partners to collaborate with are less strategically based and more a result of the right feeling and timing. These collaborations could also be minor, more underground, or even obscure phenomena. (4) Schools: There are a number of reasons to why B&O work with schools which cover everything from building the B&O brand to attract the most talented to start working for B&O in the future, something that has resulted in an exchange program with some universities within R&D. (5) Enterprise: These types of collaborations has been developed organically as a way of increasing the overall sale since a hotel/resort experience often creates a “must have” feeling among the users which in many cases leads to a purchase. (6) Technology and components: The main reason is to develop and share innovation within technology developments among alliance partners.

Duration

Auto, mobile and enterprise could all be described as collaborations with very long duration, often for more than three years. The same goes for technology alliances and school partnership, which also have a very long-term plan when initiated. The light partnership is a bit lower down on the scale of duration with examples such as onetime events. However, these partnerships often has a duration of 1-3 years since B&O always are searching for long-term partners, and therefore will continue the relation later on even though it might take a few months or even years between the different collaboration. In summary – there is an overall long time duration for all categories.

The evolution of the different categories, in terms of duration is that B&O always aim towards long-term leverage strategies. However, in some cases it might be short-term (only happens once), but that is never the intention for B&O. The reasons as to why B&O is aiming at long-term solutions are: (1) it takes considerable time, much effort and many resources to find a good partner. (2) It lies in the heritage of B&O to be long-term orientated and to clearly show that to the customers in all types of communication that they are involved in. Or as the respondent puts it: “B&O is never trend or short-term, it’s always long-term or as we calls it – pleasure of ownership.”
**Limitation**

All products sold under the B&O brand should be available in all countries and on all markets. This also includes the auto and mobile offerings. In some cases this is not possible due to local certifications and/or regulations, but over time there should be a full assortment of B&O products on all markets.

When it comes to distribution, the auto segment and the collaborations connected to it should include 3-4 car brands, not more. In the case of home electronics, as in the case of mobile phones and Samsung, there is a limit to how many partners B&O could work with. Exactly how many is not yet decided, but there are limitations in terms of numbers of partners and products. Enterprises do not have any stated limitations in terms of partners. However, the extremely high price has so far limited the number of hotels and resorts to only include exclusive five to six stars hotels and resorts. When it comes to stores, B&O products are mainly sold in their own concept stores, as are the Samsung/B&O mobile phones. B&O products could however be sold in other stores such as retail chains. If so, there is a number of requirements that the retailer has to follow, such as; carry the full product range, use shop-in-shop solutions and the salespersons have to be educated by B&O. In addition to this a specific product, the B&O A8 Earphones, have a special agreement and are also sold in Apple-stores on the US-market. In terms of duration or limited number of products, B&O have never worked with limited editions or limiting the number of products.

The basic idea behind B&O limitations when it comes to distribution is that B&O want to have control over how the products are sold, displayed and that the customer receives the right information about the product/solutions. When it comes to collaborations and partners, the limitations are: (1) based on the number of partners since there is a level when it becomes too many (no exclusiveness). (2) B&O only collaborate with other premium brands according to a bottom line. In the car segment, there will not be any brand that is positioned lower than Audi, as one example.

**Integration**

As described earlier in this interview, B&O never sponsor a party or an event only because there is an interesting target group or in order to gain publicity. There must be a logical connection from a customer’s point of view, which is why all collaborations that B&O is involved in can almost entirely be described as physically integrated. This is not entirely true when it comes to events, since they can also be described as symbolically integrated. However, at these events, there should always be a chance for the customer to interact and test the products – it is never about exposure and only exposure. On the question of whether there is any of the physically integrated collaboration that B&O is involved in, which could not be bought outside the collaboration, the answer was that this was the case solely with the audio offering (Audi and Aston Martin) and the co-branded mobile
phones (B&O and Samsung). This means that these B&O offerings are closely integrated within the product and are unique for these offerings, and therefore could not be bought outside the collaborations as individual products.

The trend for B&O is and always has been to work with physically integrated collaborations. B&O have tried symbolic integration with sponsoring of golf pros but have decided to stop doing this since B&O is aiming for more than just brand exposure.

The future
B&O have during the last years focused on various collaborations and co-developed products. This is however to be changed and the future strategy is to further develop the core product referring to the home entertainment segment (sound and picture) with more and stronger products. One example of this new strategy is the release of a Blue-Ray player under B&O brand in the near future. Another insight for the future is that the retail area will play a more important role in the future. B&O will look for better locations for the coming concept stores and in doing so, it will be important to collect and associate with other strong brands through store location (create a cluster, a lifestyle concept of attractive stores with different offerings). Moreover, the people who sell B&O in the future and who own a B&O store might not have to have a track record and a history in electronic and home audio, but rather have a good understanding of the lifestyle and for the core of the B&O brand. This lifestyle understanding is more important than the technical aspects which can be learned afterwards.
6.2 Adidas Nordic

Date of interview: 16th of May 2008  
Industry: The sport goods and sport lifestyle industry  
Number of employees: 31 344 employees (worldwide) year 2007  
Turnover: Revenue of €10.299 billion (worldwide) year 2007

Introduction:

“Branding – is about creating a name and/or a symbol that consumers recognise and that evoke associations which links to a certain level of quality, a mindset or a set of special feelings. A strong brand is something that people could identify themselves with, something they will include as part of their lifestyle. Branding also plays an important role in attracting creative people to work for a company and keeping the right personnel within the company, especially if the company is located in a non attractive geographic area.”

Adidas Nordic, 2008

The Adidas brand portfolio is about one brand – the master brand Adidas, which is split into three different sub-brands; Adidas Sport Performance, Adidas Sport Style and Adidas Original, all represented by their own logotypes.

The way of separating the master brand makes it clear to the consumer what types of products are offered, what type of quality, at what price range as well as in which stores the products can be found. There are, on the other hand, well-known concepts within the Adidas portfolio which have their own logotype or symbol. These are not called brands, but rather “labels”, such as Y3 or “product concepts” in the case of adiSTAR and Clima. Moreover, there is also a corporate logotype for the company, but this is mainly used internally and for the financial market representing the parent company – therefore not considered as a brand in the same sense.

Among the three sub-brands, the most dominant is the Adidas Sport Performance segment, which today is the primary focus both in terms of products and brand initiatives that generate almost 70-80 % of the brand revenues. Although, the Adidas Sport Style segment with the Adidas Original brand and the Y3-collection will during the next years evolve and grow with more lifestyle and fashion labels being launched, such as the latest collec-
tion, Adidas Linear. This evolution will take place in both the high-end segment but also include high-level fashion for good value, very similar to H&M’s launch of COS (Collection of Style).

Case specific
According to the respondent, the Adidas brand is about the spirit of its founder, Adi Dassler. This means that everything at Adidas should be built on, or inspired by the intention to “support and equip all athletes in the best possible way to help them achieve their optimal performance”. This is a mindset that also influences the lifestyle- and fashion segment such as Sport Style. The historic core of the brand lies in traditional Olympic sports and soccer, even though the brand today targets “everyone who will perform any type of sport actively”. For the Adidas brand, it is extremely important to be true to its roots and its heritage in order to create the right knowledge of the brand and to build credibility and acceptance among consumers. In other words, there has to be a logical connection to the roots of the brand and the future expansion of the brand.

When asked to describe various types of brand leverage of the Adidas brand, the respondent explains that there has been an evolution, a broadening of the Adidas brand into new categories such as: apparel, kids and accessories, and into new sport categories like; swimming, basketball, walking/outdoor, cycling and tennis. However, it all evolves from the spirit of Adi Dassler and the passion for sport. Within this evolution, the Sport Style segment is considered an extension of the Adidas brand, although it is inspired by and originated from the sporting era of the 30s, 40s, 50s and 60s (a strong connection to the essence of the brand and to the founder – Adi Dassler). In the past, there have been category extensions of the Adidas brand that in hindsight went too far (e.g. own ski- and snowboard boots in the 70s and 80s). This type of expansion was followed by the strategy that these types of category extensions should rather be carried out by acquisitions of the best brand in that particular industry rather than extending the Adidas brand. One such example is the acquisition of TaylorMade one of the strongest brands within golf, and especially golf clubs. As a close ally to TaylorMade, Adidas Golf was created based on the core competence within apparel, and is today selling both golf apparel and footwear as a complement to the golf clubs sold under the Taylor Made brand. In addition there is the possibility of using other brands within the Adidas Group portfolio (Reebok, CCM and Rockport) in order to leverage and expand the overall offering.

In terms of collaborations with the Adidas brand, the interaction between TaylorMade and Adidas Golf is not considered as a true collaboration, but rather a complementary relationship between two brands in the Adidas Group portfolio. Collaborations, on the other hand, are described through the following examples. (1) The global and long-term collaboration between Adidas Originals and Diesel is one good example of two strong brands
working together in collaboration, with Diesel receiving credibility within the street wear segment and Adidas within denim. These types of collaborations between two strong brands are about maximising the business opportunities for both partners. (2) Another type of collaboration is “Superstar 35” when Adidas Originals celebrated the 35th anniversary of the Superstar-model with various “collabs” (collaborations) with artists like; Ian Brown, Red Hot Chili Peppers and Run DMC, who all designed their own version of the Superstar shoe. These types of collaborations are often further leveraged in terms of events and other products. For example Ian Brown was flown to Stockholm for a big launch party presenting his particular version of the “Superstar”. (3) A third type of collaboration is “adiColor Consortium Series” where a limited number of 1,000 pairs of shoes were produced under the adiColor-label and launched worldwide through selected Consortium Partners like Colette in Paris. A Consortium Partner refers to a limited number of doors (a limited number of exclusive stores or retailers who can develop their own Adidas products). These partners can personalise products that are sold today or have been sold earlier in the sense that colours, material, mesh etc. are changed or updated. A few of these exclusive Consortium Partners are; Wood Wood (Denmark and Germany), Sneakers Stuff (Sweden), Soul Service (Norway) and Colette (France).

When the pre-sketch (see appendix) was presented to the respondent the overall impression was that the sketch was relatively accurate. Though, a few corrections were made partly based on the following discussion:

- Not all partnerships are referred to as collaborations. Adidas also has a special type of partnership with retail stores such as Foot Locker, Intersport and Stadium among others. In these partnerships, Adidas manufactures special versions (often new colouring) of existing products of this year’s product line only for a specific retail chain. However, this type of partnership is not considered a collaboration by Adidas, but is instead called “Special Make Up” or SMU and is considered as an added service to some larger retail chains. Moreover, this type of partnership is not communicated externally to the end consumer by Adidas in the same sense as “real” collaborations.
- Adidas Golf is not a sub-brand to TaylorMade. It is its own offering in connection with the master brand, rather than, as a third segment next to Sport Performance and Sport Style.
- All the different types of collaborations are divided into two segments: Sport Performance or Sport Style. Each of these segments is further divided into either Sport Marketing (focusing on sponsoring) or Brand Marketing (focusing on communication and PR).
- Sport Marketing within Sport Performance could be described as close sponsoring collaborations with teams, clubs and/or individual athletes, supporting them with products or in other ways helping
them achieve their optimal performance. Sport Marketing within Sport Style is also about sponsoring. However, since these sports such as skateboarding, are less about optimal performance, the support is more in terms of giveaway products, also called “flow” products, as there is a flow for wear and tear (e.g. within sneakers for skateboarding and in some cases even for events). Another reason for skateboarding as a choice is that this sport has had great influence on how people dress today, introducing a more baggy style.

- Brand Marketing is focusing more on communication and PR. Sport Performance is a mix of both while Sport Style focuses more on PR and word-of-mouth and less on more traditional communication. The overall message of the communication for both of these marketing areas is to strengthen the master brand – Adidas, while PR focuses on adding more creativity and local edge.

- Include a level called Trade Marketing, which is a group that works with short-term campaigns, that covers both Sport Performance and Sport Style.

In the end, the final brand leverage map for Adidas turned out like this:

![Adidas brand leverage map](image)

*Figure 22: Adidas brand leverage map*

The main reason behind this categorisation is the overall focus on the end-consumer. Adidas believes that there is a different type of consumer for Sport Performance than there is for Sport Style as well as between Originals and Fashion. This way of dividing the total offer is also reflected in terms of distribution, the pricing and the set-up and the content of the communication.
and marketing. The reason that Adidas is focusing more on a few select types of sports is mainly about competence and credibility, but also an economic aspect, since there are not enough resources to focus with the same intensity on all sports out there. However, there is also a long-term strategic decision to increase the presence and acceptance within some sports.

Besides the clear segments (Sport Performance and Sport Style) and the dividing into Sport- and Brand Marketing, there is no clear labelling of the different types of leverage described above. Instead, it is rather difficult, even for the people working internally at Adidas, to draw clear lines between what is defined as a brand, a sub-brand, a label and/or a product concept as well as labelling different types of brand leverage. However, there are a few guiding differences within this grey-area. The overall and most used label is “collaboration” which differs from the similar set-up described as “Special Make Up”. There are, however, a few sub-labels within the overarching definition of collaboration such as; Consortium Partners and Colabs found within Originals. In addition to this, Adidas describes a few guiding differences between the various collaboration in terms of short versus long-term collaborations as well as product based versus brand based collaborations. Adidas also separates the various collaborations into three different set-ups: (1) Two strong brands working together such as Diesel and Adidas Originals based on different core competencies and associations. (2) Adidas works together with icons such as Missy Elliot (Respect M.E.) where Missy Elliot decides contributes to the design of the products. (3) Adidas work with brands that are not actively involved besides the agreement of using their name. One example is the collaboration between Adidas and Goodyear, where Goodyear is not involved at all in the design or the production, but only licenses the use of the brand to a specific set of products.

Movement
There is definitely a close integration between the different categories described above and in some sense also a sort of migration between the different categories. When it comes to migration one good example is the strategic decision to focus on a few sports such as basketball, which directly influences the collaborations with NBA and has resulted in new sport products under the Adidas brand. In terms of integration, there are several examples of how the different segments, brand and labels are interacting with each other. A few examples of this are: (1) The strong integration between Adidas Golf and TaylorMade as a complement to each other. However, there is also an even stronger connection between Adidas Golf and Sport Performance, since the Adidas Golf symbol is a mix of an own symbol and the Sport Performance logotype. (2) The NBA collaboration is located under Sport Performance, but there is a clear spillover effect to Sport Style, and there are also NBA-products sold under the Originals brand besides the Sport Performance products. (3) When it comes to the collaboration with Porsche
Design, the opposite is true, since this collaboration is located under Sport Style/Fashion, but has clear spillover effects to Sport Performance. In terms of physical products under the Adidas and Porsche Design collaboration, these could both be found under Fashion, Originals, within Sport Performance and under Adidas Golf offering.

**Motivation**

The motivation behind the Sport Performance offer is that it is the core of the brand, and always has been. A more interesting question is why Adidas started to promote and sell more authentic and lifestyle orientated products. One big motive for Adidas to start working with more casual wear, in other words Sport Style (Originals and Fashion) was to adapt to market demand, but also the opportunity to broaden the Adidas brand in order to reach new and more attractive target groups with the same message that Adidas stands for. The motivation behind the different collaborations is divided into two sub-motives which are influenced by and strongly connected to each other. (1) Sport Marketing is about supporting the individual athletes as well as teams and clubs with the best possible equipment to optimise their performance, something that will also build the Adidas brand. (2) Brand Marketing is on the other hand about supporting and building the Adidas brand. This way of separating is clearer within Sport Performance than within Sport Style where Sport and Brand Marketing is much more integrated.

**Duration**

When Adidas work with brand leverage there is always a long-term revenue plan, even for short-term campaigns as mentioned earlier. When looking at the final brand leverage map of Adidas, it is clear that most of the brand collaborations and labels are long-term based with a duration of 1-3 years or even longer with examples like: Adidas Originals and Diesel, Adidas Originals and Missy Elliot, Adidas Originals and the selected Consortium Partners, as well as Adidas Performance and football clubs/individuals. There are also shorter leverage campaigns like adiColor which had an average time duration of five months, however this type of campaign normally lasts between one to three months. The set up of this type of campaigns is often based on what Adidas calls a “holistic go to market concept”, including everything from a background story, products, associated events and parties. These campaigns are also relatively long-term in the sense that even though they are launched in for example summer 2008, it will take until the fall of 2008 until Adidas can capitalise on it, and until the year 2009 before the kick back of the project starts to show.

When asked if there has been a shift towards a longer or shorter duration, the respondent answers that companies today, including Adidas, should ask themselves whether the influence of a collaboration does change and/or evolve over time. Is there still an added value for the company with these
types of long-term collaborations or does it change over time? In the perspective of Adidas, there was a time when a lot of these types of collaborations (referring to Stella McCartney, Porsche Design, Missy Elliot among others) were initiated in order to create something extra, something new linked to the Adidas brand, collaborations of which many are still active today. However, Adidas has during the last years added less and less long-term collaborations. Instead, Adidas is today more active in short-term based collaborations, developing already existing collaborations as well as doing more by themselves, without external partners. Whether this is the start of a shift within the Adidas brand leverage strategy is something the respondent does not want to answer, but he argues that from an industry as well as from an even wider commercial perspective there are many collaborations that do not add any type of added value since there is no connection between the involved brands at all, collaborations which therefore should be ended. To collaborate with other brands or partners has become or is on its way to becoming an imperative in most industries. What is the added value for the consumer when everyone is collaborating with everyone? This type of leverage strategy is becoming overexposed, with the risk of becoming dull for the consumers, something that eventually might create a negative counter reaction.

**Limitation**

There are limitations within the Adidas product portfolio in terms of region, but they are mainly based on demand and special needs. The set up is that Adidas manufactures and puts together a global range/collection of products, of which each region (Europe, Asia, Africa, U.S. and Pacific) can choose from based on their specific demands and needs. Based on the European selection of products, the Nordic area can choose those products that fit its markets the best. When it comes to duration, there are no clarified limitations beyond collaborative contracts with icons and artists lasting several years.

In terms of distribution and to some extent quantity, the limitation on which exclusive products are sold in what Consortium Partners store is dependent on how many shoes that a specific Consortium Partner could buy. In order to produce a shoe there is always a minimum number of units produced. If one Consortium Partner could buy all those shoes, he would have exclusivity otherwise other Consortium Partners could also sell these limited editions. Besides these special productions, there is also a more regular product portfolio in which there are few limitations in terms of distribution. Two examples of this are: Adidas produces 1,000 articles for Originals. Of these 1,000 articles 500 are for Fashion and out of these Adidas Nordic chooses some selected stores like; “Cali” and “Sneakers Stuff” (both stores in Stockholm), which will have exclusivity for some models. There is also a possibility that headquarters will only give the Nordic market 10 pairs of
shoes, which only have been produced in a quantity of 200 in total. It is then up to the Nordic market to choose the right distribution for these products. The reason for the limitation of products to certain areas is based on the specific needs and demands of that region, rather than from a marketing perspective. When it comes to limitations in distribution and quantity is it instead mainly related to marketing in order to create hype around a specific product and in the long turn, the brand. The limitation of distribution channels is also about control or as Adidas calls it “discipline distribution”. In other words Adidas actively holds back products even though they could sell more. They are limiting the access in order to build a strong brand on a long-term basis.

Integration
Most of the many Adidas collaborations are based on mainly symbolic integrations even though there are a few examples of physical integration. The more common symbolic integration can be found in many of the collaborations where Adidas use a designer or an icon as part of their design team. A few illustrative examples are; Adidas by Stella McCartney, Respect M.E. by Missy Elliot, Beckham football shoes or when Adidas collaborates with partners like Diesel and Porsche Design. An interesting case is the collaboration between Goodyear and Adidas, which one could have thought would be physically integrated. However, the rubber in these shoes does not come from Goodyear and should therefore be classified as symbolic. Most sponsoring, or as it is referred to by Adidas sport marketing, are physically integrated, since Adidas almost always provide the teams and/or the athletes with products. Whether there is a trend in terms of physical or symbolic integration is something the respondents could not comment on.

The future
The future of brand leverage will to a large extent be based on the people that will work with the brand and how they view things within the brand and its surroundings. One thing that will increase even further is PR and the never-ending work of building a relationship with opinion leaders, something that goes hand in hand with an increased use of digital communication channels such as blogs.

The future of brand leverage also has to be based on the core values to a larger extent than what is done today in many industries. The risk is otherwise that the positive side of brand leverage instead turns into something negative that harms rather than builds the brand. One way to do this is to work with less partners and focus on doing really good things with the partners that one has, something that adds to the core of the brand and that builds it further (adds value). It is probably better to leverage with less partners creating a push demand and a must-have feeling among the consumers rather than the feeling of indifference. Other areas that are interesting for the future
are retail/distribution in terms of more concept stores but also in terms of pop-up stores (stores that are located at a place for a limited time) as a very interesting way of exposing the brand and interacting with consumers, something which demands other campaigns and activities.
6.3 W. L. Gore & Associates

Date of interview: 21st of May 2008
Industry: The industry of the fabric-division is described as protective and functional clothing industry.
Number of employees: Approximately 8 000 employees (worldwide) year 2007
Turnover: Revenue of $2.4 billion year 2007

Introduction:

“Branding – is in its core about identification, something that identifies a product, a place, a person or even a name. It is also about the values that are associated with this identification and the promise connected to it.”

W. L. Gore & Associates, 2008

The portfolio of W. L. Gore & Associates (GORE) covers a wide range of advanced technology products sold through the following business divisions; Electronic, Medical, Industrial and Fabric. This interview will only focus on the fabric-division, a decision based on the fact that there is little or no interaction between the different divisions, and since a narrow area of interest increases the possibility to discuss more specific details and examples.

The brand portfolio of the fabric-division has relatively recently been re-organised and updated, which has resulted in a new structure that has less offerings with brand status. Another result of this re-organisation is that the GORE-TEX® brand today is only used within the fabric-division, leading to the GORE brand playing a more dominant role than other divisions. The new set-up for the fabric brand portfolio is based on three so called Power Brands; GORE-TEX®, WINDSTOPPER® and CROSSTECH®, which are all ingredients in other brands. In addition to this there are two other Product Brands GORE Bike Wear and GORE Running Wear, which differ in the sense that they are end products sold directly to the consumer. Many of the earlier sub-brands have with the re-organisation been positioned lower in rank into either Product Classes (Performance Shell, Paclite Shell, Soft Shell and Pro Shell and Chempak) or Enabling Technologies (XCR, Airvantage, Hilite,, and Airlock). Based on this new structure, it is the three power brands that are considered the most important in the portfolio and where the future brand building and marketing activities will be focused.

Case specific
The fabric-division has an overarching structure based on the three business units garment, footwear and accessories (due to what they call fitness-for-use), something which is further divided into two different segments: (1) Consumer Orientated Fabric (COF) with two power brands, GORE-TEX®
and WINDSTOPPER®, offering solutions for areas like snow sports, outdoor, MC, cycling, hunting, city wear and water sports together with licensing customers (partners) such as Hestra, The North Face, Peak Performance and Prada. (2) Technology Orientated Fabric (TOF) with three power brands; GORE-TEX®, WINDSTOPPER® (not within footwear) and CROSSTECH®, offering solutions for areas like; the police, the military, fire and guarding and work wear together with licensing customers (partners) such as Snickers and Fristads.

Since the core of the GORE brand is about creative and innovative technologies, the three power brands within the fabric-division are not seen as extensions but rather as different core benefits within the fabric competence such as; water resistance (GORE-TEX®), wind resistance (WINDSTOPPER®) and moisture barriers for fire/emergency response (CROSSTECH®). Two of the three power brands, GORE-TEX® and WINDSTOPPER®, could be found in both COF- and TOF segment, something that the respondents describe as a sort of extension of the brand but only in the sense of reaching new target groups with the same function. However, when it comes to today’s various product classes and technologies, these are conversely seen as extensions or sometimes referred to as separated versions of the power brands. The only thing that differs between today’s structure and previous architecture is that these innovations and new technologies do not have their own brand status anymore. The reason for this is that many of the earlier product innovations, like in the case with the XCR-extension, offered a better solution (for example breath ability) compared with the original GORE-TEX® and therefore started to grow stronger than the GORE-TEX® brand. The new organisational structure continue the journey of improvements through extensions, but this time it all aims at building the power brands and at the same time placing more emphasis on the different functions (e.g. product class and/or enabling technologies). In practice, this will result in the following type of product description; GORE-TEX® Paclite Shell with XCR Technology.

As described earlier, there are also other types of brand in the fabric-division than the three power brands, the two product brands GORE Bike Wear and GORE Running Wear. These two brands are a result of a previous weak interest regarding licensing of GORE’s different fabrics in these two sport categories. GORE believed that their fabric-products suited these cate-
gories equally as well as other categories like snow sport or outdoor, but at that time there was not enough interested licensee partners. GORE therefore started to experiment by themselves producing their own products, resulting in the decision to introduce bike and running wear under their own brand name. When the respondents describe these two product brands, they do not describe them as an extension in any way, but rather as a different way of distributing the GORE fabric offering to the consumers, that is to say the same type of offerings as when GORE license their fabric. However, in these two cases, the distribution channel is different.

Collaborations are described by the respondents as the cornerstone of the GORE brand and the base for the entire business model; licensing the right to use one of the three power brands and the related products classes and technologies. The GORE collaborations are divided into two different types. (1) Licensing the right to use the various GORE fabrics, something that is done to a limited number of strong and leading brands who manufacture and sell consumer or work wear products. The license is also further divided into segments covering how the power brands should be communicated, where it could be sold (region), in what product categories, using which product classes, and the quality level of the product. (2) Certification of a number of manufacturing facilities that produce the licensed products as a way of keeping control over the quality of the end-products. An interesting comment related to this way of working is, according to GORE, that through this business model the consumer could choose from more products in more categories compared to a situation where GORE would have decided to manufacture and sell their fabrics through own products and distribution. The extensive range and the many possibilities for variation are offered through the licensing brands in terms of new collections, new products, various designs and a mixture of distribution channels.

The pre-sketch (see appendix) was presented to the respondents, some of the most important comments and updates were:

- As described earlier, the four business divisions within GORE are; industrial, electronic, medical and fabric. In other words, there is nothing called “consumer products”, which therefore should be changed to “fabric” since that will be the focus of this interview.
- Include the previous description and separation between consumer orientated fabric (COF) and technology orientated fabric (TOF) as well as the new portfolio structure built on three power brands, different products classes and technologies. In addition to this the two product brands should be located under COF, but separated from the power brands.
- There is a clear difference between licensing to GORE’s customers and certifications to their manufacturers.
Besides licensing and certifications, there is a third type of collaboration that the respondents combine under the overarching description of communication. This type of communication collaboration is mainly about different sponsoring activities or events together with licensing customers. However, there are a few exceptions, which do not include the licensing customer like the golf sponsorship (official partner) of PGA of Sweden and the collaboration with Langley Travel (clothing).

In the end, the final brand leverage map for W. L. Gore & Associates turned out like this:

![Brand Leverage Map](image)

*Figure 23: W. L. Gore & Associate brand leverage map (fabric-division)*

This way of clustering and structuring the portfolio is a result of the reorganisation of the portfolio that was launched relatively recently. Some of the most important underlying reasons for the overall update of the portfolio were: (1) It was very costly to build and maintain a large number of brands. (2) The many levels of brands and sub-brand lead to confusion among consumers. (3) The old structure had also grown in such a way that it became difficult to include new technologies and innovations. (4) There was a tendency of decreasing the value of the strongest assets in the GORE portfolio, the GORE-TEX® brand, in favour of new sub-brands, something that had
evolved over time even though a strategy never existed to do so. Another important reason for this manner of clustering is that it is a good method of reaching different end-users and their specific needs, both in terms of COF versus TOF as well as areas like snow sport versus water sport and even further divided into garments, footwear and gloves/accessories. This is also the case where there has been a separation between the three power brands (their main function in terms of water resistance, wind resistance). Moreover, the main reason for separating the two product brands from the power brands is that they are not sold as ingredients in other brand’s products.

When the respondents describe the different clusters in terms of labelling, the overall offering is described as being divided into two segments (COF and TOF), which are further divided into power brands, product classes and enabling technologies, sold thru licensee partners with the help of certified manufacturers. In addition to this there are also the slightly separated product brands sold directly to the consumer. The respondents explain that they are aware of that they are seen as an ingredient brand, something they agrees that they most definitely are. However, this definition is nothing that GORE uses when describing themselves or their offering. It is rather something that they are aware of in the sense that they to a large extent rely on and work together with other brands or partners in order to get their products sold to the end-user.

**Movement**

In terms of integration there is a clear connection between the licensing partners and the product development within the COF- and TOF segments. Even though the actual innovation is created at GORE, it always has its origin from the needs of the consumer and end-user or a request from a licensing partner. In most cases, GORE is aiming at tracking consumer trends, which is transformed into new innovations and products which is offered to their customers, the licence partners. In some cases GORE work extra close with some of their customers, helping them with product development like in the case when GORE helped develop a running apparel clothing line for Runner’s World or when GORE more recently helped Puma with their sailing clothing. There is also a very strong integration between the licensee partners and the communication collaboration that GORE is involved in (almost all sponsoring is done together with some of their customers), whether it is an event or a person.

If one look at integration within the COF- and TOF segments, there is no integration at all between the three power brands meaning that one could never buy a product with both GORE-TEX® and WINDSTOPPER® or CROSSTEC®. The integration that exists are instead to be found in-between one power brand and the products classes + enabling technologies. The same thing goes for the GORE product brands which are closely integrated with GORE-TEX® or WINDSTOPPER®, and in addition to this uses
all product classes and the enabling technologies. Furthermore, the two product brands GORE Bike Wear and GORE Running Wear is from a brand perspective located under COF but separated from power brands. However, from a more organisational perspective, these two brands are also located under COF-licensing since they are treated as all other licensing customers and looked upon as just another way of distributing the GORE fabric to the end-user.

**Motivation**

One of the strongest motivations besides economic growth is a concept that exists within GORE called; “Fitness-For-Use”, meaning that GORE always should deliver the right product/function to the right user area, and to have knowledge as well as an understanding of that area. It also means that GORE should be able to recommend and offer variation of their core offering (power brands) through different product classes or technologies all the way down to which combination that fit the best in a particular end-product. The concept also influences the way the fabric-division is organised and which customers that GORE choose to work with. The background of the fitness-for-use concept is that there is a big difference in terms of needs between different categories (e.g. it does not work to use hunting garment when you are sailing or using a snow sport garment for running).

**Duration**

GORE is always working with brand leverage from a long-term perspective. In the case with COF and TOF all terms of initiatives or innovations have a lifetime and duration that are more than three years. The same intention goes for the license partnership, which also stretches over a long period of time, often much longer than three years as in the cases with Norröna, who have been collaborating with GORE since 1978 and Peak Performance who has been a customer since 1986. This is not always the case but the intention with the collaboration is always long-term. GORE Bike Wear and GORE Running Wear are also long-term based even though it was initiated as a more short-term project, which was up for sale if anyone were interested. However, it has not been sold yet and today it is not clear if it would be sold even if there were potential buyers. The only category that is more short-term orientated is the communication category as explained above.

When asked if there are indications of the different categories becoming shorter or longer, the answer was that it continues to be mainly long-term. However, much more important than just talking about the duration is to talk about the activity of the brand leverage – it is much more beneficial to have an active relation with both partners and manufacturers than just having a long-term relation. According to the respondents, these collaborations could be compared to a traditional distribution agreement where the licensee part-
ner agrees to take care of the sale and to build the brand in a specific region, sport category or product category.

**Limitation**

There are no limitations when it comes to regions meaning that all GORE fabrics, product classes, technologies and product brands are available worldwide. The limitations that are used are mainly to be found in the agreements with the licensee partners limiting where the products could be sold (region: North America, Europe, Asia and Japan), product areas (snow sport, outdoor, MC), product categories (garment, footwear and/or accessories) as well as products classes (Soft Shell, Pro Shell) and enabling technologies (XCR, HiLite). Furthermore, there are no limitations when it comes to numbers of licensee partners but the aim is always to have as few as possible and at the same time be able to offer a wide range products that are easy for the consumer to get access to. Due to this goal the global partners are sometimes complemented with more local partners in order to offer the same type of products in all geographic areas. The goal is to work with the leading brands in each area and category – not to work with as many partners as possible.

As mentioned earlier there are no limitations when it comes to duration beyond the intention to always work with long-term brand leverage. There is also no restriction on the number of stores where the GORE products are sold or number of units that a licensee partner could produce. These things are taken care of by the licensee partners and since GORE tries to always work with the best partners, this often also results in their products being sold in the best stores and at a number of quantities that are not damaging to the brand. There are however, products that have been produced in more limited quantities but the reasons for this is mainly that it was a new or very advanced technology and/or that it was very expensive which influenced numbers of potential buyers. But seen from an overarching perspective there is no goal to keep the numbers of produced units down and from the partner’s perspective it is better if there are more licensee partners that together could help each other to build a product and make an impact on the market. Those limited editions that do exist are often limited in the sense of colours and collections, but never when it comes to the ingredient (GORE’s products).

**Integration**

The majority of GORE’s different types of collaborations could be described as physically integrated since they are built on different types of fabrics that are integrated in the licensee partner’s brands. The respondents describe these types of collaborations as; “the optimal form of co-branding” where GORE-TEX®, WINDSTOPPER® or CROSSTECH® are the main components in the final product. According to the respondents, an ingredient could
only be classified as an ingredient brand if it is a main component of the final product, not just an “adder” and one of many adding ingredients. Other strong ingredient brands that support this thesis are, according to the respondents: NutraSweet, Intel and Dolby, which are all important components and the core of the final product. Among the physically integrated collaborations, including GORE Bike Wear and GORE Running Wear there is no opportunity to buy the brands (power brands) as individual products since it is either connected to another product brand like Norröna or Adidas or connected to the overarching GORE brand. There is also no trend towards more physical or more symbolic integration as far as the respondents could see, since they have and will continue to work with physically integrated collaborations.

The future
The future for brand leverage is according to GORE about simplicity, refinement and about developing the core of the brand in the manner GORE has been doing with their re-organisation of their portfolio. It is about focusing on the essence of the brand (GORE-TEX®, WINDSTOPPER® and CROSSTEC®) not building too many brands and sub-brands with too many different promises, which in the end are confusing more than attracting consumers. To be successful in the future, you have to have a clear offering and something that gives added value to the consumers. According to the respondents added values are moving towards a less-is-more structure. With a clear and solid base of the brand it is also easier to create more inspirational and explorative “trips” within the corporate communication, without losing the soul and the core of the brand. Another thing that will become more important is to continue to get closer to the consumer and work even more with retail and shop-in-shop solutions together with one or several customers.
6.4 Peak Performance

Date of interview: 23rd of May 2008
Industry: Sportswear and sports fashion wear
Number of employees: 300 employees during year 2007
Turnover: Revenue of 1 010 million SEK year 2006/07

Introduction:

“Branding – a product or service of something, a way to characterise a company, its identity and the values associated to it. Branding is also about the heritage and the origin of the company - what it stands for, something that hopefully both employees and customer could and like to associate themselves with.”

Peak Performance, 2008

The Peak Performance (Peak) brand portfolio is about one brand – Peak Performance. However, Peak has chosen to use different “artwork”, meaning different logotypes and visual identities depending on whether it is corporate, sponsoring, events or different collections that it communicates. This way of working with different visual executions is however something that will be toned down in the future, since Peak at this moment is working with an “identity project”, aiming at a new and more integrated visual identity of the brand. In addition to this, Peak also uses different sub-brands or as Peak refers to them as “enhancers”, when communicating specific benefits, techniques or material. The strongest enhancer is R&D Lab, which Peak uses in some of its product categories to clarify that these unique products have been rigorously tested, and that they have a unique or additional function such as a new type of material or manufacturing using new methods of construction. Another enhancer is Black Light, which could be described as a product name for the most technologically advanced outdoor collection that one can buy from Peak – a state-of-the-art product that mountain guides and other people with very high demands use. A third example of an enhancer within the Peak portfolio is Hipe, which could be described as Peak’s own standard within ski and outdoor products, offering a guaranteed quality level covering their own material and functions such as breath ability, water resistance, critical seams (shoulders) and other functions. When it comes to how these enhancers are combined, it is possible to integrate Black Light and R&D Lab since both of these enhancers are positioned in the top segment. For the same reason, it is not possible to combine R&D Lab and Hipe or Hipe and Black Light since they are positioned differently. In summary, the most important and the only “real” brand that exist in the Peak portfolio is the master brand, Peak Performance, which in some situations is combined with so called en-
hancers to better communicate and highlight specific functions, benefits and/or level of quality.

Case specific:
When describing the enlargement of Peak’s offering and how they have been working and today are working with brand leverage, the respondent explains that there has been more of an organic evolution of the brand rather than a strategic extension, something that is based on the following four core values; “a passion for sport and outdoor life”, “appreciation for continuous renewal”, “importance of long-term partnership” and “a guarantee for everything we do”. Peak is, according to the respondent about curiosity, renewal and about challenging themselves, whether it is about service to their customers, new functions, new material, new collections, product categories or being part of a re-vitalisation of a specific sport. During the first three years from the 1986, Peak only sold ski clothes, something that was extended into a summer collection, still positioned within the outdoor segment, targeting skiers but aimed at the warmer summer months. From there, it has been an ongoing journey of renewal, something which today has evolved into two separate segments, both equally important to the brand: (1) Active Wear which is a collection divided into a number of sport categories including Ski, Golf, Technical Outdoor and Training plus two sub-categories; Junior and Accessories. (2) Casual Wear on the other hand could be described as more sports fashion wears or less technical garments that are worn before, after and in connection with sporting activities. This segment covers the following three categories: Men, Women and Accessories. This part of the evolution of the Peak brand is not considered to be any type of extension by the respondent. However, there is also another type of lifestyle product which is seen as an extension of the brand for example eyewear and fragrances (perfume, deodorant, shower cream and soap), something that includes licensee partners who are specialists in their particular field, and that have the right to produce and distribute a limited number of products under the Peak name. In 2008, the fragrance license will expire and Peak will no longer sell fragrances and similar products.

Peak is also involved in several types of collaborations covering products, marketing and distribution. Within products, the most common are: (1) Li-
censing, which Peak uses to work with product categories that lie outside the core of the brand as in the case with eyewear and fragrances, which have been described earlier. (2) **Collaborations**, which could be exemplified with the extensions into sports equipment offering goggles and helmets in collaborations with Scott. Besides these two, there are also other types of collaborations within marketing and communication. (3) **Sponsoring** is a cornerstone in Peak’s marketing activities, and the company are therefore active in a variety of collaborations, all designed to increase awareness as well as strengthen the credibility of the brand. It is also important that all sponsoring activities have direct connection to what the brand stands for as in the case with the selected ambassadors called “**Peak Friends**” referring to athletes with the right personalities who wear Peak-products with pride and act as source of inspiration as well as being part of the ongoing product development. It is very important that these “friends” have the right personality, something that the respondent explains is more important than being best in its sport. (4) **Events** are a specific type of marketing and further divided into two types of collaborations. First, it is bigger events such as the Volvo Ocean Race (Sailing), the Omega European Masters (Golf) or the Alpine World Cup (Skiing), where Peak often acts as Official Clothing Supplier, either for a specific team/athlete or for the entire event. Second, it is more young orientated events (freeride) including King of The Hill, the Scandinavian Big Mountain Championship and different multi-sport events. Within distribution there is yet another type of collaboration: (5) **Concept Stores**, which is run through franchise licensing.

In addition to this, there is also a close relationship between Peak and some of the best material and fabric manufacturers in the world including W. L. Gore & Associates, Schoeller, DuPont and Polartec among others. However, this type of partnership is not viewed by the respondent and by Peak as collaborations, but rather as supplier partnerships where manufacturers like GORE-TEX® work closely with Peak as a type of endorsement branding further strengthening the quality perception of the product adding additional associations to the Peak brand.

When the pre-sketch (see appendix) was presented to the respondent the previous discussion continued, resulting in the following overarching comments and updates:

- The category description of “Ski- and Outdoor Wear” should be updated to what Peak describe as “Mountain Resort Brand”
- The entire brand leverage map should be divided into three different main sections: Products, Marketing and Communications and Distribution.
- From a brand leverage perspective, the sub-category of Accessories should be separated and joined together with Equipment covering products like hats, gloves, bags and backpacks.
A new category called licensing covering products such as eyewear and fragrances should be added. It should be clear that fragrances will in the future no longer be part of the offering.

- Keep the hardware category but rename it “Collaborations”.
- The Marketing and Communication category should be divided into Sponsoring and Events.
- Add a sub-category under distribution called Franchise which covers Peak Concept Stores.

As a result of the update, the final brand leverage map for Peak is visualised according to the following visualisation:

Figure 24: Peak Performance brand leverage map

The main reason behind this categorisation is that Peak has chosen to cluster all product, marketing and communication, and distribution related activities into separated consolidated groups. This has resulted in the lack of a clear separation between evolution/extension of the brand and different types of collaborations. Rather these are viewed as different ways of offering their products, working with marketing and taking care of distribution. However, there are some sub-categories since Peak internally needed a way of categorising and naming different ways of working with the brand. The reasons for why the various sub-categories are divided like this are: (1) Peak separate its offering into collections and licensing, since there is a difference between
having the know-how in-house, doing it yourself and working with it on a daily basis, and using external know-how and external specialist. (2) Peak has also separated licensing agreements in more remote product categories (eyewear, fragrances) from what Peak describe as collaborations in more closely related product categories (goggles, helmets). There is yet another distinction between these two, which is that licensing to a larger extent is externally communicated while the collaboration with Scott is not something that Peak communicates. The partnership with Scott is more “hidden” than the partnership with the eyewear partner. (3) There is a third type of sub-category referring to the supplier partnership between fabric/material suppliers and Peak, working as ingredients and important parts of the final product rather than a manufacturer of the final product. (4) The separation of marketing and communications into two areas (sponsoring and events) depends on minor differences in terms of what the aim is for the two. The main reason for sponsoring is to create an overarching credibility as well as trustworthiness for those areas that Peak is active in as well as to get as much exposure as possible. Events on the other hand are much more limited in terms of who it is targeting, while sponsoring has a wider target group, events focus on a more limited group of people (grass roots people with a passion for a specific sport or activity), and aims at building both knowledge and credibility within that group of people. (5) Last but not least, distribution through franchise is another type of collaboration, but since it relates to distribution rather than manufacturing and/or marketing of the products it is located under its own category.

**Movement**

The entire set-up visualised in the brand leverage map could be described as a close integration between different categories and sub-categories. A few cases that exemplify this are: (1) There is a strong link between Accessories and Equipment (Collections) and Collaborations since all types of equipment are carried out through collaborations. (2) The partnership within collaborations is not externally communicated meaning Peak do not actively communicate or market that goggles and helmets are manufactured by Scott. Due to this fact, these types of collaborations could according to the respondent also be seen as a type of supplier partnership, Scott is supplying goggles and helmets similar to GORE-TEX® supplying fabric and material. (3) The fabric and material offered by the suppliers are used within all types of products, both within Active Wear and Casual Wear as well as in all types of sponsoring and in most events. The final products are also sold through the Peak Concept Stores. (4) Distribution including the franchise set-up of the Peak Concept Store is done through a type of licensing. (5) The licensing of eyewear, among others, is by the respondent described as a sort of collaboration. (6) The different collections offered by Peak is strongly related to both sponsoring and events, with Peak Friends using the products, and most offi-
cial functionaries using Peak products (collections) in events like the Alpine World Cup or the Omega European Masters.

Motivation
The background to this way of structuring and working as well as the reason as to why Peak define their arena as “Mountain Resort Brand” comes from the weaker period in the company’s history; in the end of the 90s when Peak after several years of great success gradually transformed into a mainstream brand, especially in Sweden and parts of Scandinavia. The brand had during the years of 1994-1997 expanded heavily and been extended into several new categories, including business suits and other non-mountain related categories along with different types of collaborations. In order to go back to the roots of the brand, Peak defined what the brand should stand for and how far and into what categories the brand could be stretched. That overarching definition became “Mountain Resort Brand” and includes most activities that one can do at or around a mountain resort, including golf. It also includes the more fashion orientated casual wear collection which could be used before and after golf/ski like.

The motivation behind the different categories is based on this evolution of the company and on the previously described willingness to be curious and to work for continuous renewal. The question that is always asked and answered is therefore: What could be done within the limits of the trustworthiness that Peak has? How could the existing collections be further developed? What new product categories are there on the market that Peak could move into? How should that be executed? Moreover, should Peak do it itself or should other partners be involved? These are all questions to which the answers may change over time. The reason for this is that there is no long-term five- or ten-year strategic plan of exactly how the Peak brand should be developed or expanded in the future. It is the “Mountain Resort Brand” description that defines what Peak is and could be and it is within these boundaries that Peak’s entrepreneurship and willingness to produce high-quality products with good design will be further developed. A good example of this on-going evolution is the licensing into eyewear and fragrances, which has a history from mid 90s when Peak expanded heavily. Eyewear is a partnership that still works very well, that sells very well and therefore will continue to be out there. This is in contrast to the case of fragrances which will no longer be available under the Peak brand. Another example is the motivation behind the collaboration with Scott, which is mainly about creating trustworthiness and image, and about flirting with the Peak consumers, offering them the complete package of a Peak lifestyle including skis, poles, helmets and goggles. This type of equipment collaboration is never about earning money (as is the case with licensing) but do play an important role in building a relationship with the core consumers, and is used within retail where they are exposed and used as merchant material also referred to as
“props” meaning gadgets which add to the lifestyle feeling. The same motivation applies for sponsoring and events, which are also about increasing trustworthiness and creating a lifestyle outdoor brand. Exactly what the future holds for Peak is something that only time will tell.

**Duration**

When Peak work with brand leverage, there is in most cases a very long-term plan aiming at strengthen and building the brand. The importance of long-term focus in everything they do is also reflected in one of their core values; “importance of long-term partnership”, whether it is licensing partners, the suppliers, sponsoring or the relation with the consumer. It is therefore not strange that there are some garments within the Peak collections that have a life-cycle over several seasons, often up to 3-5 years or in some cases even longer. However, since Peak offers clothing there also needs to be a certain level of trend, which results in that new collections with new garments are being released each quarter. With this as a exception, most of the other clusters have a long-term duration; collaborations last often 1-3 years, licensing which has been a part of Peak’s offering for a very long-term, lasting almost 10-years, supplier partnership also lasting more the 10-years, sponsoring which never are shorter than 1-3 years and events that are even longer with a duration of 2-5 years and last distribution which also have a very long duration in terms of both wholesale and General Stores.

When asked if there is a movement towards longer or shorter duration the respondent explain that since Peak is positioned as a premium brand, this also has to be reflected in the way that they work with brand leverage. As said, Peak always tries to be long-term in everything they do and are therefore building for the future rather than chasing short-term profits, it is always small steps going forward especially after the problem that the brand had in the end of the 90s. There is also another side of Peak which is more dynamic and more curious, this is showed in for example new ways of communicating in advertisements and other communication channels like the official webpage that has to be more 2008 than 1998 including more music, more interaction, and more movies. The same thing applies for the General Stores, where Peak can try new conceptual solutions and play around more with the brand. In conclusion, there is a two-sided trend simultaneously becoming longer- and shorter-term but through different channels.

**Limitation**

There are limitations linked to the products sold, as well as how and where it is sold within the Peak portfolio. (1) **Region**: All products could be available on all markets but are not, often due to an ill-fit with a particular market in any aspect. This is however not a strategic decision not to offer a certain product class or specific product in some markets. (2) **Partner**: As for now, there is only one partner within collaborations (Scott). If Peak will continue
to have one partner in the future depends to a large extent on what type of products and to what level those products could be customised. There is also no strategic decision concerning the number of collaboration partners that Peak could work with. (3) **Distribution:** Peak’s products are distributed throughout three types of distribution channels: *First* – wholesale, which refers to a network of selected retailers that Peak has chosen to work with, of which two examples are Stadium and MQ. *Second* – retail (General Stores) refers to Peak’s own stores where Peak showcases the essence of the brand and its full range of clothing, accessories and equipment, there are today 25 shops owned by Peak. *Third* – franchise (General Stores), has the same set-up as the retail stores but is taken care of by a third party through licensing, at the moment there are 37 licensed stores. (4) **Product:** Peak rarely work with limited editions but sometimes work with what they call “quick to market” products where there is a high demand on a specific item and it is sold better than planned which results in that this product is manufactured once more and quickly distributed to the different store. There is however, a special product line that should be unique and special compared to other product lines, the Black Light, which is something that not everyone should buy. If you decide to buy a Black Light, the hope is that you will also buy the other items that are included in the Black Light product range. (5) **Quantity:** The only products that are produced with the strategy of limited availability (through distribution) are the Black Light product line.

**Integration**
Most of Peak’s collaborations could be described as symbolic integrations as in the case with sponsoring and events, where the aim is to build trustworthiness through association and image transfer, even though the products always to some extent are physically integrated, in the sponsoring activity or the event. The collaboration between Scott and Peak offering goggles and helmets is also a symbolic integration even though it is not clear that it is a Scott product with a Peak logo. However, in both of these collaborations, the products could be bought outside the collaboration which is not the case with the third type of collaboration, the supplier partnership, where Peak work together with companies such as Schoeller and W. L. Gore & Associates using their fabric and material. These partnerships could be described as physical integration and it is almost impossible to buy the various fabrics outside the Peak products as individual brands even though one could buy other brands with the similar fabric as a component.

**The future**
The future of brand leverage will probably be as the respondent put it: “Less but worse”, meaning that there will less initiated brand leverage within the brand portfolio, but those who Peak have decided to work with will be more intensified, more profoundly integrated and further capitalised, something
that will lead to more products, joint promotions, co-advertising campaigns, stronger integration of the Peak Friends and more active communication using the retail channels, especially the General Stores. The reason for this is according to the respondent that there are starting too many collaborations and extensions emerging, which confuses the consumer and that there has been a shift within retail and that retail today consists of a few very large chains. As a brand you either collaborate with these retail chains on their terms or you start building your own retail distribution network. The latter presents an opportunity to create a unique chance to better interact with your consumers and better express your own identity in an environment that 100% works for your brand, what it means and what it offers. This way of working is the future for most premium brands and will only become increasingly important, especially since many of the retail chains nowadays also offers their own brands which in many cases are seen as competitors to the premium positioned brands.
6.5 Electrolux

Date of interview: 18th of June 2008
Industry: Household appliances
Number of employees: 59 900 employees year 2007
Turnover: Revenue of 104 billion SEK year 2007

Introduction:

“Branding – is about the associations that a specific company and its products/services generate in the mind of the consumers and about the added value that these associates creates or are linked to. For Electrolux, our brand is one of our most important assets and something that creates a unique positioning as well as value for the company in terms of the ability to charge a higher price.”

Electrolux, 2008

The brand portfolio of Electrolux Group (Electrolux) is today mainly about one brand, the Electrolux brand. This has not always been the case, but is a result of an on-going re-construction of the brand portfolio, which aims at decreasing the number of brands in favour for building the master brand. Today, the Electrolux brand stands for approximately 65% of the brand portfolio, a percentage that will increase in the future. In addition to the master brand, there are two other strong brands in the portfolio: AEG-Electrolux and Zanussi-Electrolux. These are two prioritised brands that the company’s brand management works actively with, in order to harmonise their product portfolio and positioning, so that the brand experience of these brands is the same in all markets.

Electrolux

Master brand

Brand: AEG-Electrolux

Brand: Zanussi-Electrolux

The positioning of these three brands is based on identified segments in the market, each with its own distinct target group: (1) Affirmation of self – Electrolux (2) Superior effectiveness – AEG-Electrolux (3) Life of Convenience – Zanussi-Electrolux. This way of positioning the three most important brands in the portfolio is also reflected in the way they are communicated and in their visual identity. Besides these three brands, there are also other
brands in the portfolio which Electrolux define as “tactical brands” or sometimes referred to as “smart brands”. These brands are local brands that can only be bought in a particular market, for example Husqvarna-Electrolux, which is only sold in Sweden. Tactical brands are less prioritised and mainly exist to make Electrolux a full-service supplier to the retailers or in some cases due to historic reasons. In total, the Electrolux brand portfolio today consists of 14 double branded brands and 17 tactical brands.

Case specific
When the respondent described the different types of brand leverage that Electrolux works with, she explained that almost everything that the brand is involved in comes from the brand positioning: Thoughtful Design Innovator. The essence of this, to always think of the consumer and their needs, guides everything that Electrolux does and is something which also is visualised in their tagline – “Thinking of you”. In addition to a consumer focus, innovation and design are two other cornerstones of the Electrolux brand, resulting in a brand standing for superior product innovation and design, which contributes to easy living. The respondent describes the core category of the Electrolux brand as appliances used both in the household and among professional users. Within this core category, Electrolux does not see that they have conducted any form of extension but rather the opposite. In the previously mentioned re-construction of the brand portfolio, there is also an aim at limiting the number of platforms and within these platforms restricting the number of product variations (article numbers). However, there is also a demand to keep up with new trends in today’s market, meaning that new products or categories have to be launched. One example of this is that many of the previous products (free-standing) today could also be bought as “built-in” products. Another trend that Electrolux capitalises on is the increasing interest for large and more professional appliances for the household kitchen. Electrolux has therefore initiated a fusion between the home division and the professional division, creating a “new” type of platform offering larger appliances for the household user. In order to keep up with new trends and still have a limited number of platforms and products, Electrolux today works actively with removing older platforms and products from the market when new ones are being launched. It is also very important that all new platforms fit into existing distribution networks, as well as their individual positioning.

When the assortment of small appliances including espresso machines, toasters and mixers was described, Electrolux explained that they look at these products mainly as a broadening of the total offer, not as a brand extension, especially since these types of appliances have been within the company for a very long time under the AEG-brand. However, the respondent said that if one looks at it from a strictly Electrolux brand perspective, it is a new offering which extends the border of what the brand stands for. That said, there are other products in the portfolio (besides small appliances), that
the respondent also views as some type of expansion. Two examples of this are the air-cleaners (that have existed in some markets before, but are now a bigger part of the Electrolux offering), and the large outdoor barbeque grills, both of which break new ground for the Electrolux brand, extending the brand offering. When comparing these two, the outdoor grills are however seen as being more of an evolution of the existing offering, and the air cleaners more of an extension of the existing offering even though they both belong to the category of appliances.

In terms of collaborations, Electrolux explains that they rarely work with other companies in strategic alliances. Their collaborations instead consist of other types of relational co-work such as events, sponsoring or partnering with designers. A few examples are:

- In order to further strengthen the professional image and to transfer these associations to the household appliances, Electrolux is sponsoring the annual event “Årets Kock” (Chef of the Year) in which the participants use Electrolux products. A similar event, which has the same purpose (creating PR and linking household and professional), takes place in Australia where Electrolux uses a famous Asian origin chef (Tetsuya Wakuda), something which also was developed into a campaign with the following message: “Everything we learn here” (professional). “We apply here” (household). There are also other collaborations based on the same communication idea such as the collaboration with the Australian fashion designer Alex Perry who works as an ambassador for the fabric care products.

- Another example of collaboration is the offering of gardening designers as an added service connected to the launch of the larger outdoor grills in Australia. The gardening designers could be hired in order to create the perfect barbecue environment including everything from plants, grass, furniture and accessories.

- The respondent also describes a third type of collaboration that mainly aims at creating PR. One example of such a collaboration is “The Electrolux Design Lab” (established in 2003), an annual international design competition in future appliance design and innovation, which brings together promising design students from around the world for the challenge of meeting the needs of tomorrow’s consumers (all based on a yearly theme). A second type of these PR-based collaborations is the launch of limited edition products with well-known local designers such as Pia Wallén (vacuum cleaner, Sweden) and Jeppe Utzon (barbeque grill, Australia).

- Yet, another sort of collaborations is sponsoring, which Electrolux today do not use to a large extent. Those examples that exist are often locally based with the sponsoring of the English football team Luton Town FC as one example, and the sponsoring of Sthlm Fash-
ion Week as another example. However, sponsoring is likely to increase in the future, but with more globally orientated events. One pre-test for this globalisation was the sponsoring of the Solheim Cup and the golf pro Helene Alfredsson during the year of 2007.

When the pre-sketch (see appendix) was presented, the respondent thought it was a relatively good leverage map. There were however a few corrections which are based on the following areas:

- Outdoor barbecue grills were added as an own sub-category (platform), since it is a sort of “new” category broadening the Electrolux offering. Conversely, from an organisational perspective, barbecue grills are located under “home”
- “Electrolux Home” (retail chain which Electrolux owns but that mainly are operated through franchise) was added and clustered together with licensing since they both could be categorised as new categories and due to the fact that most of the Electrolux Home retailers are franchise based (similar to licensing). Licensing has been part of the Electrolux portfolio for a long time and the company is now starting to work more actively with this, mostly the AEG brand but there are examples with Zanussi-Electrolux and Electrolux. Each license is evaluated individually and has to harmonise with the positioning of the brand. Besides this, there are no exact limits and licensing could include a wide range of products from toys to air-care.
- Electrolux also has a partnership with Sears working as a supplier, producing Kenmore Appliances. This is a set-up that Electrolux has with several other companies (which could not be mentioned by name).
- The strategic alliance with Sharp, developing mid-sized frost-free refrigerators was excluded from the leverage map, since this specific collaboration is on hold at the moment.

The final brand leverage map for Electrolux turned out like this (see next page):
This way of clustering and categorising the Electrolux offering should according to the respondent only be viewed as a quick snap-shot of today’s structure rather than a long-term way of structuring the portfolio. There will be changes in the portfolio and the above-described map will be transformed and changed over time. The reason for this on-going and dynamic movement is that Electrolux is changing from an engineering orientated company to a market driven company. Within this re-construction lies a strong focus on consumer and consumer insight (through global based consumer research) as well as insight regarding the latest market trends. Consequently, all new products must be based on consumer insights rather than technical innovations. This new focus also affects the product portfolio structure, which should be based on a consumer perspective rather than on an organisational or leverage perspective (cross-function rather them silo-thinking), something that has resulted in a more dynamic and integrative structure.

The brand leverage map is based on this consumer orientation and structured in the way that the products are distributed and sold to the consumer. This means that home appliances, small appliances and barbeque grills are seen as integrated products, which are sold to the consumer in one type of retail stores and should therefore be clustered together. In summary, the way it is distributed and perceived by the consumers is more important than to what platform they belong. The same structural idea goes for professional appliances that have their own distribution channels (and end-users), the cluster of Electrolux Home and the licensing products, which also could be

**Figure 25: Electrolux brand leverage map**
described as a separated distribution channel. The clustering of the collaborations is on the other hand based on traditional communication (campaign) and non-traditional communication (sponsoring/events, Electrolux Design Lab, co-work with local designers). Furthermore, there are also partnerships with other companies where Electrolux is the supplier manufacturing products sold under other brands in non-controlled distribution channels.

**Movement**

There is a close integration between the different categories in the brand leverage map. One good example, which has been described in the previous section, is the close correlation between the home and the professional divisions, and not just in terms of product development and R&D, but also externally in terms of the campaign – *Everything we learn here. We apply here.* The respondent argued back and forth whether there should be any sub-boxes separating home, small appliances and barbeque grills from each other, since these products to a large extent are viewed as one cluster by the consumers and are sold together in the retail channel. In the end, the sub-boxes were kept since the map is based on a leverage perspective and not from a consumer perspective. However, it is the consumer’s perception and the way the retail chains sell the products that clusters the products rather than the platforms or the underlying strategies. A few more concrete examples of how the various leverage categories are integrated are: (1) The close connection between the licensed air-care (heat and cold) products and the air-cleaner sold under the home division. (2) The sponsoring/events and the product portfolio meaning there should always be a possibility to try the products and/or they should be used in the actual events with examples such as Årets Kock (professional products), Sthlm Design Week (home products) or even at the Solheim Cup where Electrolux had several grill stations where they made food for the audience.

There is also a certain level of migration between the different categories of which one example is the Electrolux Design Lab. The new and innovative products from this challenge are often a pre-step and a test for coming products, which could be re-designed and updated when established through co-work with local designers.

**Motivation**

The overarching motivation (besides increased revenue) for working with the different categories, broadening the product portfolio, is once again based on the strong consumer focus and the extensive consumer research that is being done. The way the consumers live their lives, challenges and needs influences Electrolux to further develop and create new offerings, offerings which Electrolux sees as a natural evolution of the product portfolio. One example of this evolution is the outdoor barbeque grills that were introduced from the insight that people tend to cook less in the kitchen dur-
ing summers in favour of outdoor barbequing. Consumer research also contributed to insights such as: that the chef wants his guest to face him, which is why the guest can stand around some of the Electrolux grills like in a bar when grilling. Another motivation relates to the retailers, and what products they sell. If there are products in the retailers assortment that sell well and that Electrolux does not have in their portfolio (within the category of appliances), it is possible that those products will be included in Electrolux’s portfolio as long as it does not demand a new sales force, new way of distribution or have a potential of damaging the brand positioning.

Another category linked to retailers is the Electrolux Home retail chain, a concept which was initiated in the 60s as an exclusive distribution network for Electrolux products, something that resulted in quicker feedback from the customers. In the late 90s, these stores were changed into franchises (due to a new marketing law), and started to offer complete kitchen solution as a way to differentiate themselves. The overall aim of the Electrolux Home is to strengthen and build the Electrolux brand. On the contrary, the licensing category and the partnership with companies like Sears is mainly based on the possibility of increasing the company’s revenue by either licensing a brand in the portfolio as well as using the manufacturing facilities more effectively. When it comes to producing for others, this is also a way to offer existing customers unique products, and a way to create a distance between large customers and competitors such as Whirlpool. In terms of collaborations, much of the motivation behind the non-traditional communication (sponsoring/events, Design Lab and designer co-work) is based on the fact that this has turned out to be a very good way to build the brand and create PR. The use of a spokesperson in traditional communication (Kelly Ripa in the U.S.), is something that Electrolux usually does not work with.

**Duration**

The brand leverage of Electrolux is almost entirely long-term (1-3 years) to very long-term (more than 3 years). An example of this is the appliances portfolio (home-, small- and professional), which all have a very long duration. This is also the case for Electrolux Home, the various licensing contracts, and the manufacturing partnership that Electrolux is involved in. Among the more communicative collaborations, the Electrolux Design Lab has the longest duration (more than 3 years), while sponsoring and events have the shortest duration, even though they spread over a range from the Solheim Cup (less than 1 month) to Årets Kock (more than 3 years). Even if there are events with a very short duration, there is in most cases a more long-term plan that involves if not the same event, at least similar events, building a connection and associations, for example towards fashion and design (Sthlm Fashion Week). The co-work with local designers could be described as short-to-medium duration (1 month to a year). Even if the designers change over time, the concept of consciously offering limited design
editions is a long-term strategic decision. The same thing applies to the campaigns which will vary over time in terms of content but which should have the same expression and tonality, building the brand long-term, creating a unique positioning.

When asked if the duration of the different categories becomes shorter or longer, the respondent answered that the categories could be divided into two main groups. (1) The appliances and product categories are becoming shorter in terms of lead-time and product lifecycle. New and updated products are often presented once a year depending on the market, but the goal is to launch new products two times a year, similar to fashion collections (fall and spring). (2) The communicative collaborations are generally becoming longer but since this is an area where Electrolux is exploring and testing new things, there will be sponsoring, events and other type of collaborations which in the end will be short or very short due to experimentation and testing.

Limitation
The history of Electrolux could be described as being very fragmented with local products sold under local brands, and with numerous local article numbers (product variations and adoptions). With the on-going business and brand re-construction, there is also a transformation into a more global set-up of the business platform. There are still local products or products that could only be bought in a specific market but the underlying platforms are becoming more and more global. So, in terms of regions and products there are built-in limitations that are more historic than strategic. A more strategic limitation is to be found in the way the product portfolio is built up and structured. This means classic product segmentation covering a product hierarchy including everything from premium products down to more price-value products. This hierarchy also applies to the retail and the distribution chains – not all products should be sold everywhere (premium products sold at premium retailers). The licensing agreements are also limited, something that covers regions, duration and product categories in order to better have control over the brand being licensed. Among the collaborations, the Electrolux Design Lab is restricted in time (duration) and to a few selected design students (partner limitation), but do not have any limitations in terms of region or product since it is a global design contest aiming at creating appliances for the future. The opposite is the case with the designer co-work collaborations, which are limited to a certain product and region as well as being produced in a limited number of quantities, sold in selected distribution channels.
Integration
Among the Electrolux collaborations, **physical integration** is something that could be found in the partnership collaborations where Electrolux work as a manufacturing supplier of appliances for partners such as Sears. The products produced within these types of collaborations are produced exclusively for the specific partner and could therefore not be bought outside the partnership. **Symbolic integration** on the other hand, is to be found within the design co-work, where the product already exists and where the designer adds their design to it, creating a one-of-a-kind product with an added value. The different sponsoring activities and events that Electrolux work with are also symbolic, even though the products should always be integrated in the events. The most obvious symbolic integration is when Electrolux uses spokesperson Kelly Ripa in U.S., or in other ways associates themselves to famous people like Tetsuya Wakuda (Asian origin chef) or Alex Perry (Australian fashion designer). This type of collaboration is something that Electrolux is working more and more with and something that will be further developed in the future. Due to this fact, it is hard for the respondent to answer whether they will be more physical or symbolic. Though, the aim for the future is that it should always be a certain level of physical integration – the products should be integrated.

The future
The future of brand portfolio and brand leverage will most probably be about re-constructing widespread portfolios (less brands and less product variations), both as a way to create clarity for the consumers (include the consumer perspective), and to create a platform that costs less money to nurse and maintain.

It will also be more important to be aware of and understand how the retailers work and how the retail market is being transformed. The trend of today is that the retail chains are becoming bigger and bigger, but exactly how the future will look like is impossible to say, the only thing that is for sure, is that it will not look as it does today. It is therefore important to strengthen the relationship with the retailers (especially if you do not have your own distribution channels). Another thing that will most definitely be important in the future is the strengthening of the brand experience, something that Electrolux has done with selected key-retailers, creating shop-in-shop modules called “flagship-stores”. The respondent also believes that collaborations such as the designer co-work or the additional services (gardening designers) will continue to increase in importance since they add value to the consumers. The importance of non-traditional communication is also something that will increase – doing the un-expected, creating a buzz and PR.
6.6 Microsoft

Date of interview: 30th of June 2008

Industry: IT soft- and hardware products

Number of employees: 78 000 people year 2007 (400 people in Sweden)

Turnover: Revenue of US $51.12 billion year 2007

Introduction

“Branding – is a way to define a company, a person, a service, a logo, a tonality. A brand could be anything and is about those associations that a customer, a consumer or an employee have when they interact with or hear of the brand as well as the feeling that are related to this.”

Microsoft, 2008

The brand portfolio of Microsoft consists of several strong brands. However, there is one brand that is stronger than the others and is defined as the master brand of the portfolio – Microsoft. The company’s total offering are divided into the following five categories: (1) Products (2) Technologies (3) Professional services (4) Programs and certifications (5) Organisations and facilities, all with a strong connection and/or integration with each other, and to the master brand. These intertwined offerings are subsequently linked to eight strategic sub-brands (soon to be nine, since Microsoft is about to launch Microsoft Advertising). Each of these sub-brands play a strategic role for its primary target groups and collectively reinforce the mission of Microsoft: Empower people and business to realise their full potential.

Master brand

Sub-brand 1  Sub-brand 2  Sub-brand 3

Sub-brand 5  Sub-brand 6  Sub-brand 7

Sub-brand 7  Sub-brand 8
Within the brand portfolio, there is a long-term and overarching vision that aims at building one brand. That is building Microsoft as a strong master brand with a unique brand experience regardless of touch-points or which sub-brand you interact with. The strategic sub-brands are used as a way to create and build an attractive and relevant Microsoft, resulting in each sub-brand possessing its own character and associations. The perception of the different sub-brands could differ between target groups with consumers looking at X-Box as truly innovative, while B2B customers think the same of Microsoft Dynamics. However, when all the pieces in the big Microsoft “puzzle” are put together these variations forms a more dynamic and stronger master brand. There are no exact numbers of how many sub-brands the portfolio should consist of, but there is an overall strategy to have as few sub-brands as possible and extend these instead of creating new ones. In summary, the master brand is the most important brand in the portfolio, but in order to create and keep an attractive positioning, sub-brands play an important role in order to keep adding meaning and relevance to the Microsoft master brand. The respondent could not say which of the sub-brands is the strongest since it varies between target groups. However, most consumers think of Windows and Office when they hear Microsoft since these sub-brands have been a part of the offering for a very long time.

Case specific
They way Microsoft looks at and works with brand leverage correlates with the company’s mission and brand promise, which in its essence is about empowering people and businesses to realise their full potential – transforming the way people work, play, and communicate. Microsoft aims to do so by being a visionary technology leader that creates innovative products and new technologies. Seen from this broad perspective, Microsoft has mainly been adding services, rather than extending the brand. One recent example of this is the new online advertising service leading to a new strategic sub-brand – Microsoft Advertising. The adding of new services, broadening the master brand is also strongly connected to the fast transformation of the IT-industry (soft- and hardware). For Microsoft to build a long-term brand, they need to offer what customers need and want, something that requires constant access to the latest technology, and a never-ending search for new and innovative solutions. In order to succeed, Microsoft have to be a-jour with its surroundings, continuously asking themselves whether there is something that needs to be added (through R&D or M&A) in order to be perceived as a visionary technology leader. Based on this, the broadening of the overall offering is not to be considered as an extension of the brand, but rather as a way to keep the brand promise, working towards the goal of being an innovative leader in a fast moving industry.

If one looks into the details of the company’s brand structure there are in addition to the overarching broadening of the portfolio, two other ways that
Microsoft work with brand leverage. The first method is to improve, upgrade and launch new versions of their various products, such as the update of Windows XP to Windows Vista. The second method could best be described by separating the portfolio into different horizontal levels, starting from the top with the master brand as the first level. The second level consists of the five offering categories (described earlier) followed by level three, the strategic sub-brands. In addition to this, there is a fourth level described by Microsoft as sub-brand segments (a brand leverage of a sub-brand into distinct segments such as in the Windows example; Windows Server, Windows Embedded, Windows Mobile, Windows Vista and Windows Live). Furthermore, there is fifth level which further breaks up the sub-brands into products and features. One example of this is X-Box, which on this level is further divided into X-Box and X-box 360. In some cases there is also a sixth level described as service brand extensions (in the case with X-box, being X-box Live).

There has also been another type of movement of the Microsoft offering in terms of target groups, with a stronger focus towards on the B2C-market (though, B2C has been targeted earlier with sub-brands like Microsoft Windows and Microsoft Office). This stronger focus includes sub-brands such as; Zune (music, TV/movies), X-Box (gaming) and MSN (programmed content, online services), which often have a somewhat weaker connection (both in terms of brand identity and visual identity) to the master brand compared to sub-brands focusing on the B2B-market. Exactly why this is the case is something that the respondent could not talk about in details. However, she explains that there was a strategic decision to have a weaker connection to Microsoft when launching X-Box, as a way to increase credibility and to capitalise on this credibility, strengthening and adding new values and associations to the master brand.

When the respondent described the collaboration side of brand leverage, she started by explaining the management structure which includes three different top management groups. (1) Governance – business development (2) Rhythm of Business (ROB) – control and economy functions (3) Citizenship – image and perception. Besides having three top management groups instead of the usual one, interestingly the Citizenship-group works exclusively with image and brand perception, often through various types of collaborations. Being a global company it has always been a prioritised area for Microsoft to give something back to the community. Microsoft does this through the following identified areas; trust, safety, education and growth. These identified areas are all based on the extensive R&D and knowledge that exist in the company, expertise that is further divided into various projects, all with a mission to empower people and businesses to realise their full potential. These projects are more communicative (increase image and perceptions) than business orientated and adds positive values to the master brands. One example of such a Citizenship project is the Swedish based pro-
ject where Microsoft worked to inform kids and young adults about safety on Internet, together with “Mediarådet”. In addition to this, collaborations are also an essential part of the Microsoft business model, with the company working with all kinds of private-, public- and state-owned companies as well as public sector organisations. These various partnerships are very important for Microsoft since this is the way that Microsoft distributes and markets many of its products and services. These partners often act as representatives of Microsoft and are in many cases treated as a part of the company’s organisation, receiving support in terms of, for example, education, marketing and budgets. It is also essential that marketing communications align with the Microsoft brand. One interesting aspect of these partnerships is that the role of Microsoft varies from partner to partner, being everything from a manufacturer to a strategic partner offering products or services to being a supplier of ingredient components.

When the pre-sketch (see appendix) was presented, there was a long discussion around how the offering should be clustered, resulting in a few corrections based on the following two insights:

- The structure of the “offering” should be based on the main three target groups (business, consumer and niche), which are further divided into primary audiences such as; Information Worker, IT Pro, Business Decision Maker, Developer, Personal, Gamer and Government Elite.
- The collaboration section should be divided into two separate areas of equal importance. (1) Business model including partnership and licensing (2) Image and perception including certifications, citizenship projects and sponsorship.

The final brand leverage map for Microsoft is visualised like this (see next page):
Before the reasons behind this way of clustering the Microsoft offering are discussed, it is important to once again notice that the structure of the company as well as the offering is very integrative and built on an on-going development in order to keep up with the transformation of the market (customer/consumer) and its needs. Microsoft work constantly with reconsidering and securing the right mix of products and services and if there is something that needs to be added. This result is an enlargement of the product portfolio which can be divided into two sub-areas. (1) New expansions of the offering (a natural evolution) with examples such as Zune and X-Box. (2) Related extensions (adding something new) with examples such as the acquisition and creation of Microsoft Dynamics.

The problem of clustering the Microsoft offering is related to which perspective one should base this on. Should it be on the above described broad definition and enlargement or should it instead be based on some of the first products such as Windows and Office. On the contrary, it could also be based on awareness/knowledge among various target groups (which sub-brand has the highest awareness/knowledge), or based on time (when certain offerings were introduced). The problem is that each perspective has a different outcome. The end-result of this discussion was that the above visualised brand leverage map should only be viewed as a framework that illustrates how Microsoft look at things, not as an exact blueprint. In the end, there are two things which stand out and that influenced this categorisation. The first reason is that there has been a gradually increased focus towards the “consumer” resulting in a degree of separation between “business” (B2B) and “consumer” (B2C). It is however very important to notice that
there is no clear distinction between a B2B and a B2C offering. Especially since one of the first visions for Microsoft was “a computer in every home”. Moreover, there is a third main target group or niche that is looked at as either B2B or B2C, but instead consists of government customers. The second reason relates to the company’s three business divisions’. The left side (B2B) consists of the platform products and services division as well as the business division and the middle side (B2C) consist of the entertainment and devices division. The reasons behind this way of clustering Microsoft’s various collaborations is based on the premise that it is either part of the business model or treated as a way to increase image and brand perceptions.

Movement
There is, as described before, a close integration in terms of the company’s structure and it’s offering (one Microsoft). The corporate structure could be perceived as rather fragmented since the portfolio is separated into different business areas offering categories and strategic sub-brands. However, there is a very close internal integration between different segments and organisational areas, something that is also the case externally, evident in the way different sub-brands are joined together in linked offerings with Windows Live and MSN as one example. Another example is the mobile and embedded devices division located under the consumer-category in the brand leverage map despite many of these products and services being used by professionals and business-customers. This division also offers a special version of Windows operating system but adapted for mobile and embedded products – called Windows Mobile. The core of the brand and the main driving force for the company are the customers and their specific needs. The respondent argued that it would be impossible to fulfil the customer’s needs, adding new products and services, being an innovative technology leader and at the same time have a corporate- and offering structure that is built on isolation and segregation. The key to success lies in an integrative (and consumer orientated) approach.

Motivation
The overarching motivation for working with brand leverage is the mix of the company’s mission, its brand promise and the on-going changes in the marketplace. What are the changes in the market? What new areas of interest are there? What kind of products could Microsoft offer? Does Microsoft have the knowledge and technologies that are needed? Do these products fit into the company’s portfolio? In summary, these are the sort of questions that the respondent explains should guide Microsoft in the aspiration of always challenging themselves, trying to create new ideas. The exact limit for what could be included in the Microsoft portfolio is something that the respondent could not go into detail about and something that will also be challenged and changed over time. The respondent said that there is such an
enormous amount of competence and knowledge within the company and it would be a shame if this knowledge was not be presented to the public in terms of new offerings and new innovations. If this is the overarching motivation for the company, there are additional motives for each sub-brand. Unfortunately, it is not possible to discuss each individual motive, but the sum of all these motives collectively reinforces, builds and adds relevance and content to the master brand.

**Duration**
Most products in the Microsoft portfolio have a long duration of 1-3 years in terms of the product life-cycle and before new versions or new products are launched. There are examples of new versions being launched earlier, but this is mainly due to market requirements and/or technology shifts, and not based on a certain sub-brand or product having a shorter lifecycle. Most of the partnerships and licensing arrangements (business model collaborations) were described by the respondent as long-term (1-3 years), or even very long-term (more than 3 years). The same duration accounts for certifications and citizenship projects (image and perceptions). However, while there are exceptions with shorter duration there is always a long-term commitment from Microsoft as in the case with the citizenship project resulting in individual projects varying over time but not the identified areas (trust, safety, education and growth). The category that could be described as the exception in terms of duration is the promotion category which includes events and other activities that have a short duration of less than a year. When asked if the different categories are becoming shorter, longer or if there is two-sided trend, the respondent could not see any clear trend. Instead she refers back to the previous statement that Microsoft in most cases has a long to very long-term commitment in everything it does.

**Limitation**
There are very few limitations connected to the Microsoft brand portfolio. One example of this is that all products should be available in all regions, meaning that there are no restrictions connected to a certain product saying that it could only be sold in a specific country or market. There are also no strategic limitations in terms of duration other than the actual life-cycle of the product. Those limitations that do exist within duration are linked to when there is a problem getting hold of a dated product and to continue to get support for that product. Moreover, there are no limitations related to distribution meaning that all retail stores could carry all products if they choose. When it comes to products, Microsoft does not work actively with limited editions (a strategically limited number of produced units) but rather does the opposite, always trying to produce as many products as possible to meet demand. However, an example of when the accessibility of a product becomes limited is when there is a gap between the number of produced
units and the demand, such as in the case of the launch of the X-Box 360 which was sold out faster than Microsoft could produce them. Furthermore, the respondent mentioned that there is a small number of exceptions, but that these are extremely rare. The exceptions might be; limited editions, products only being sold in the U.S. market, or that these products are released at a later date outside U.S.

**Integration**
Most of Microsoft’s different forms of collaborations could be described as a mix of physical and symbolic integration, depending on the type of offering and how that offering is being distributed. The different business model collaborations (partnership and licensing) were described by the respondent as more physically integrated. This is also the case for the certifications that Microsoft works with. The more symbolic integrated collaborations are established in the citizenship projects and within the promotion category. There is an interesting element linked to the question of physical versus symbolic integration which is that many of Microsoft’s products could be categorised as both of these two types of integration. They could work as ingredient components in some partnerships like when Windows operating system is pre-installed in many of the PC’s that are sold today. However, the same product (Windows) could also be bought separately in many retail stores. Another example of this double-sided character is Microsoft’s collaboration with mobile operators in which the Microsoft product is an ingredient and a component, but also an image enhancers and functional benefit.

In answer to the final question of whether there is a trend in terms of how collaborations are integrated the respondent did not know if there is a movement towards more physical or symbolic integration.

**The future**
The future in terms of brand leverage for Microsoft will continue along the existing path of the on-going evolution of the brand portfolio and its offering, through both further extension and expansion orientated offerings. There will also be an even stronger consumer focus, something that will have a strong influence on the future of Microsoft and its product portfolio.

The market will continue to change and so will Microsoft. The company will continue to work with questions like: What new things could strengthen the master brand? What new types of services and offerings fit with the company? Where does Microsoft have credibility? What areas are relevant? Exactly how Microsoft will look like in the future is hard to say but in the near future there will be more additional on-line services. Microsoft will also continue to work with various types of collaborations, such as sponsoring since there is a need to work actively with the brand and to create a closer relationship and more touch-points with both customers and consumers.
6.7 H&M

Date of interview: 1st of July 2008
Industry: Fashion retail
Number of employees: 68 000 people during year 2007
Turnover: Revenue of 92 123 million SEK year 2007

Introduction:

“Branding – is about awareness and recognition of a specific company or product and those associations and feelings consumer’s connect to that company or product. In the case of H&M those associations are – fashion and quality.”

H&M, 2008

The brand portfolio of Hennes & Mauritz (H&M) has always been about the master brand – H&M. However, the portfolio is not based on a monolithic brand structure but also includes approximately 10-15 frequently used sub-brands which are either based on the H&M brand (H&M Young, H&M Sport, H&M Baby) or have their own brand character (L.O.G.G., Divided, &denim). There are also collection-based “fashion words”, which only last for a season or a specific campaign, but do not have a brand status. However, other brands exist in the portfolio that, when compared to the above described sub-brands, have a weaker relationship to the H&M brand. One example is COS – Collection of Style, a more sophisticated fashion positioned brand sold at a higher price range than H&M (launched in London during spring 2007). Another example can be found in H&M’s acquisition (beginning of 2008) of the Swedish based fashion company Fabric Scandinavian with the two chain stores Weekday and Monki, including brands such as; MTWTFSS, Cheep Monday and Sunday Sun. Within this broad brand portfolio, the most influential and important brand is the master brand with its range of descriptive sub-brands. Other strong sub-brands in the brand portfolio are the individual sub-brands of which a few are visualised below.

![H&M Master brand](image)

![L.O.G.G.](image)  ![Divided](image)  ![&denim](image)

Ex. sub-brand  Ex. sub-brand  Ex. sub-brand
Case Specific

H&M is at its core about being perceived as *inviting, exciting and surprising* meaning that there should always be something new happening at H&M). This image is an essential influence on the mixture of brand leverage that H&M has presented over the years, something that besides new collections and categories also includes refinement of stores into niche retail concepts. However, there is one other aspect that has guided H&M leverage, and how it should carried out; the company’s business philosophy – *fashion and quality at the best price*. Especially important from a brand leverage perspective is the word “fashion”, how that has been interpreted by H&M, and what could be included into its meaning. In order to exemplify this, the respondents explained that H&M could not extend their offering into, for example medicine (since this area has a low correlation with fashion). On the contrary, H&M will in the near future extend their offering into home textiles and interior design (since this area has a high correlation with fashion). The respondent explain that today’s portfolio should be viewed as a result of an on-going expansion of the company’s offering, guided by the framework of “fashion” and with the aim of offering clothes and accessories for every occasion to everyone with an interest in fashion. These are also the reasons as to why H&M look at all types of clothing (women, men, kids, street wear, denim), accessories (bags, jewellery, under- and nightwear), cosmetic and footwear as the core of the brand and not as extensions of the brand. The movement into home textiles and interior design (H&M Home) should however be considered as an extension of the brand compared to other expansions. The respondents also stated something important; that the H&M Home extension would have been impossible to launch a few years ago but is something that gradually has become possible since interior design is looked upon by many consumers today as fashion. In other words, the outline of what could be included in the concept of fashion is not constant but changes over time. In the case of the introduction of COS and the acquisition of Weekday and Monki, both are considered as being within the boundaries of fashion and therefore something that H&M regard as yet another expansion of their business philosophy. However, there are differences between these three concepts (COS, Weekday and Monki), compared with other brands in the portfolio, which is that they can also be regarded as a type of extension since they have the intention of attract new target groups.

Most of the collaborations that H&M is involved in are not carried out together with other companies with the exception of licensing. Instead, H&M has chosen to work mostly with influential people such as designers, icons, artists and actors. These collaborations are all categorised under what H&M describes as marketing or campaigns. There are also two other types of collaborations that H&M work with: sponsoring and licensing. In summary, the various collaborations are described by the respondents as follows: (1) The most recognisable type of collaborations are the concepts of limited edition
collections in collaboration with well-known designers such as; Karl Lagerfeld, Roberto Cavalli or the most recent one with Comme des Garçons and designer Rei Kawakubo. H&M also creates similar campaign collections with what they describe as icons (Madonna and Kylie Minogue as two examples), or with other partners such as Marimekko. (2) Another type of collaboration are the campaign projects in which H&M collaborate with one or several organisations working together towards a specific aim. One example of this is, “Fashion Against Aids”, in which H&M worked together with Designers Against AIDS (DAA) and well-known artists such as Rihanna, Jade Jagger, The Cardigans and Timbaland. Designing unique products with individual messages that high-lighted the problem, and increased the awareness of the twelve million young people that are now infected with the virus. (3) Additionally there are communication campaigns, which could be described as more traditional marketing in which H&M create campaigns and advertisement together with models and well-known people (Mads Mikkel sen, Johnny Depp). (4) Sponsoring is a fourth type of collaboration that H&M work with and something that H&M has been doing for a long time. H&M, today sponsor two talented horse riders (Malin Baryard-Johnsson, since 1996 and Peder Fredricson, since 2003), together creating “Team H&M”. (5) Licensing is yet another type of collaboration that H&M work with, and something that H&M divides into two different sub-segments. First, in-licensing, which is described as when H&M license well-known characters and/or cartoon figures from licensors such as Disney and Marvel. These licenses are mainly used for kids clothing but do exist for other target groups (underwear with Simpson for men) Second, out-licensing which are those franchise operations that H&M have in the Middle East (Dubai, Kuwait, Qatar and Egypt). However, one has to notice that franchising besides these exceptions otherwise should not be considered part of H&M’s establishment strategy.

When the pre-sketch (see appendix) was presented, the respondents reviewed it carefully and thought it was a relatively good description of the H&M offering and the company’s brand leverage. A few changes were discussed and realised:

- Re-name the core category from the label of “clothing” into “fashion” which better illustrates and describes the core of the H&M offering.
- Include cosmetics in the fashion category. Cosmetic is not a “new category”, or an extension of the brand since cosmetic have been part of the H&M offering since 1974. Moreover, cosmetics have a very strong association with fashion and should therefore be included in the fashion (core) category. The strong correlation with fashion also applies to footwear which also should be included in the
core category. The result is that H&M Home will be the only offering that will be placed under the cluster of “new categories”.

- Divide collaborations into three main sub-areas; campaigns (collections, projects communication), sponsoring and licensing.

After the updates, the final brand leverage map for H&M is visualised like this:

**Figure 27: H&M brand leverage map**

The reason for the H&M offering being clustered and categorised like this has to a large extent already been discussed. In summary, starting from the left with brands that have a less communicated relation with H&M, the main reason is that they are somewhat separated from the other H&M offerings, and are targeting different groups. All of H&M offering are clustered under the fashion framework which also to a certain extent is the case for H&M Home even though it is a somewhat new category for the company. The collaborations with different sub-clusters such as collections, projects and traditional communication are mainly campaign orientated. Sponsoring is considered as a form of collaboration, but more associated with non-traditional communications which is one reason for it having its own category. Another reason is that it is not a campaign but much more long-term oriented. Last but not least comes the licensing (both in and out licensing) in which the different collaborations are not communicated externally but rather can be seen as part of the H&M business model.
Movement
There is a strong integration between the different core offerings (all fashion categories) since they all are part of an overall H&M offering which together should create one brand experience regardless of whether the customer is in New York (US), Stockholm (Sweden) or in a niche retail store. There is also a strong relationship between the various collaborations and the different offering categories, since many campaign collaborations have spill-over effects further strengthening the fashion brand identity and the brand positioning. One example of this image transfer is when designer collections, as in the case with Karl Lagerfeld and Roberto Cavalli further improve the high-end fashion image and the quality perception of the H&M brand: “If these legendary fashion designer chose to work with H&M – it has to be good quality and a high level of fashion, also in terms of other collections that H&M promotes”. COS as well as Weekday and Monki have a similar effect on the master brand, but much more subtly since the relation between these store chains and H&M are less known and less communicated.

Motivation
The motivation and the overarching reason for the existence of the different categories is to continue to strengthen the already strong positioning within fashion retail. However, there are also individual reasons behind each category such as COS, Weekday and Monki, where the aim is to broaden the offering and work more actively towards new target groups. The COS brand targets mature H&M customers, who either want to trade up or by other reasons cannot be reached under the H&M brand (growing with the customer). Weekday and Monki are to a larger extent targeting new customers, even though their target groups to some extent have been reached by Divided and &denim. The respondents also explains that COS, Weekday and Monki play another important role which is that a city centre could be over-established or “crowded” when there are too many stores in one area under the same brand. By introducing new chain stores and brands, H&M is limiting this risk. Within fashion, the underlying motivation is to continue to offer something for everyone and for every occasion, continuously exploring what could be added within the framework of fashion. This is also the motivation behind H&M Home, which could be described as an opportunity to offer existing customers something more, something that adds value.

When it comes to collaborations, there are several reasons as to why H&M initiated limited collections with well-known designers and icons. One reason is simply that there was a need for a new campaign idea replacing the old (the recognized underwear-campaign during Christmas). Related to this is the fact that H&M uses the statement, “Designed by H&M”, from which the step into various design collaborations was logical. Two other important reasons are that these types of designer collaborations create credibility for the statement “Designed by H&M”, and that both old and new campaigns
create a lot of PR (both during the actual campaign and before, due to the debate of who should be the model/the designer). Campaign projects such as Fashion Against Aids is also about building a positive image of the H&M brand. Like most corporations, H&M work with corporate responsibility, covering everything from manufacturing under good conditions, environmentally friendly products to social sustainability. Since H&M wants to act responsibly in the way they do business, they are involved in numerous CSR initiatives and projects with organisations like UNICEF and Amnesty International of which Fashion Against Aids is one. When it comes to communication collaborations (traditional marketing), H&M uses a mix of traditional models and celebrities, often actors or football players since it has been proven that male H&M customers can more easily connect and associate themselves with this type of spokesperson. Within non-traditional communication, there are two main reasons why H&M have chosen to sponsor horse riding. First, it has a close connection to youth and fashion with many young people being into horses and riding. Second, riding is one of very few sports in which men and women compete on equal terms and against each other meaning it is a very egalitarian sport, which aligns with the goal that H&M have of doing fashion egalitarian (one example is that H&M is offering Karl Lagerfeld clothing for everyone). In terms of licensing, the reason that H&M works with franchises in some countries is that there is no other way to set up business in this area. H&M therefore have to work with franchises instead of, as they usually do, running their own stores. Regarding the in-licensing it is not sufficient to only work with own (H&M) created characters, since kids also “demand” more well-known characters. However, another aspect of this is that it is associated with less risk to license something than to build something by yourself since the licenser is responsible for most of the risk.

Duration
The brand leverage for H&M is best described as having a long duration (1-3 years) to very long time duration (more than 3 years), encompassing all offering categories (COS, Weekday, Monki and the entire fashion cluster). This long time focus is also praxis among the collaboration categories with sponsoring and franchise as two examples that have a very long duration (more than 3 years). When it comes to the three categories of campaign collaborations, the length of these are both short- and long-term orientated. The general idea behind these types of collaborations is that they often have a long-term duration of 1-3 years and sometimes even longer. However, the actual collaboration with a designer, an icon, an organisation or a model/actor has a much shorter duration of approximately 1-3 months. To add further complications, designer collections do have a slightly longer duration than other campaign collaborations, since they often begin six months before the actual launch with a presentation of the designer. Subsequently this category has a medium length of generally 9-12 months includ-
ing everything from pre-launch to the actual sale and PR activities during and after the sale.

When asked whether the different categories are becoming longer or shorter, there was no general answer for all categories. When it comes to actual products and collections, there is a need of constantly introducing new products in the stores, resulting in that if one look at it from a historic perspective, the answer for these categories is that they are getting shorter. This evolution is most apparent on the official H&M webpage where the company reacts very fast on trends and other influential aspects. The stores are another touch-point in which this short-term duration is visible meaning besides new products every day, there is also a change of display windows every second week to every week depending on location. In contrast to this are the collaborations and especially the designer collections which are becoming longer. These types of collaborations used to have a length of 1-3 months but have, as described above now transformed into 9-12 months (even though the sale still only lasts for 1-2 months).

**Limitation**

There are very few limitations within the H&M portfolio since most things are centrally controlled. This results in all products and all collections being available in all markets without any strategic limitations. However, there could be changes in the assortment between different regions and different stores, but these differences are often related to H&M’s ordering system in which one could choose between different order versions (larger orders are equal to more basic products and smaller orders are equal to more fashion orientated products). There are other differences between markets such as in the case with cosmetics, which is one product category that is not available in all countries due to import restrictions and other logistical problems. It is not a strategic decision from company. An example of a more strategic limitation are the designer collections, which are limited in terms of the time available, the number of units produced and in distribution since these collections is not sold in all H&M stores. There are even limited edition products within theses limited collections for example Victor & Rolf’s wedding dress. These products are extremely limited in the number of produced units and are only sold in a few selected stores in order to create as much interest as possible.

**Integration**

Most of the various collaborations that H&M is involved in could be described as symbolically integrated (mainly image and associations transfer), even though there are characteristics of physically integration as well. Sponsoring and the mixture of traditional communication are almost entirely about symbolic integration while campaign projects like Fashion Against Aids is a little bit more physical, due to the fact that the involved artists in
fact created their own patterns which were then printed on pre-designed products. Designer collaborations are similar to this but differently executed, resulting in both being categorised as symbolically integrated as well as physically integrated. The reason for this is that the designers are much more than just a name put onto a garment. Most of the designers (such as Karl Lagerfeld among others), actually are responsible for the design and for the sample collection, creating something unique for H&M that could not be bought outside this specific collaboration.

**The future**

Exactly what the future will look like is hard to say, beyond the fact that it will differ from today. H&M will continue to look for new opportunities, challenge both themselves and the market – hopefully creating new and interesting concepts. One area that will play an increasingly important role is the stores. Ten years ago, H&M to a large extent worked with private labels and the H&M-brand could have been described as a retail concept. In the process of changing this, H&M has during the last years worked with the strategy of “reclaim the logo”, introducing the H&M-brand to more and more products – launching the master brand as the hero. By introducing a more uniform H&M-identity, there is a need for something to replace the role of the private labels (diversity). Going forward, this “something” will be the stores. In other words, H&M will capitalise even more on their retail channels, introducing a diverse range of concepts, all packaged differently with its own image and target group – jointly creating a strong and attractive H&M. Another area which will be important for H&M in the future is the use of new start-ups (H&M Home, COS) and acquisitions (Weekday and Monki). Moreover, collaborations (campaigns) will continue to be an important part of H&M’s overall offering. However, the future will not only include collaborations with designers, icons and artists, but also include collaborations with other brands. The key thing is that the joint offer adds value for the consumers. As said above, to be successful in the future you have to do the unexpected, challenging the boundaries of what one is supposed to do with your brand. It is about surprising the consumer and about an on-going renewal - just like in the stores, where new products are being launched every day.
7. Analysis: pertinent brand leverage phenomena

This chapter consists of eight conclusions emerging from the previously described frame of reference, the three emerging intersectional issues and the conducted empirical research. The overall structure of this analysis is based on identified phenomena within brand leverage strategies and their contrast with the established conceptual view. Each section consists of a discussion which ends with a shorter summary that also relates back to previously described literature conclusions.

7.1 Key relationship: intersectional issues and case study

7.1.1 Categories versus brands: the broad essence

Many of today’s contemporary companies employ a very broad description for themselves, and the playground/category/industry that they consider themselves being active within. One illustrative example is Oakley (most known for its goggles and sunglasses), who state that their company is built on three fundamental principles – “find opportunity, solve with technology, wrap in art” (Filipsson et al. 2002). Another example is Porsche, who want to be something more than a car brand and a traditional car manufacturer, therefore referring to themselves as an “excitement company” (Filipsson et al., 2002). This phenomenon is something that Tauber (1981) discusses, with reference to Theodore Levitt (1960) and his classic paper “Marketing Myopia”. Tauber points out that an important by-product of working with extensions is that it offers management an opportunity to look at alternative definitions of what business they are in, and what could be their domain in the future. One example described by Tauber (1981) is whether railroads should look at themselves as being in the transportation business instead of simply railroads. Another illustrative example is BIC, who has defined its business, not by the competition in pens but instead by the product attribute, disposability, which led them to introducing razors and lighters instead of stationary supplies and/or office equipment.
Implicit in this reasoning is that the definition of one’s business should go beyond product description to benefits, attributes, meanings and associations. In other words, a company’s business strategy should rather be based on a brand-to-product approach than on a product-to-brand approach. The benefit of this is, according to Tauber (1981:41), that: “the strategic task of defining a business by product attributes, consumer benefits, or other more abstract associations broadens horizons while at the same time delineates the area the firm will pursue”. This phenomenon is something which also is visible when analysing the interviews of the case companies in this dissertation (see full transcripts in chapter six):

- **Bang & Olufsen**: Entertainment – where you feel at home
- **Adidas**: Sport goods and sport lifestyle
- **Electrolux**: Appliances – thoughtful design innovator
- **Peak Performance**: Mountain Resort Brand
- **H&M**: Fashion
- **Microsoft**: Transforming the way people work, play, and communicate
- **GORE**: Creative and innovative technologies

The question is what type of influences this will have on the field of brand portfolio management and brand leverage? One practical implication is that most of the empirical case companies in this research state that they have not conducted any extensions of their brands. Rather they see a “natural” evolution of the brand within their category, or as Microsoft describe it: “adding services rather than extending the brand”. Another case example of this phenomena is B&O who define themselves as offering “entertainment – where you feel at home”, which reflects on how they look at brand extension – they have not done any. From a conceptual point-of-view, one could instead argue that the core product of B&O is sound, resulting in: (1) B&O have conducted line extension within the segment of speakers and various integration solutions. (2) The movement into telephones could be viewed as a brand extension, which is similar the case for all their visual products and aluminium manufacturing. However, using a traditional conceptual framework describing the B&O offering and their brand leverage strategies is problematic since there are examples of offerings that could be positioned at the intersection in-between various leverage concepts. One example is the introduction of car audio together with partners like Audi and Bentley, an arrangement that could be classified as both a line extension and a brand alliance. Another example is the collaboration with Samsung offering mobile phones. This could be classified as a line extension, a brand extension and a brand alliance. Using a traditional conceptual perspective also makes it more difficult to understand and to explain some of the brand leverage that B&O is involved in. If one instead embraces the broader description of “enter-
tainment – where you feel at home”, it suddenly becomes more evident. In the case of car audio, this segment was chosen since it has a strong correlation with “where you feel at home” (the car is one of those places where you can really listen to music and create your own universe). The same concept applies to mobile phones, since this segment is connected to both “home” and “entertainment”, due to the fact that various gadgets such as mobile phones have become a very important part of our daily lives, and that entertainment has become a part of our mobile phones.

Analysing the different case companies, one can see that even though they employ a wide description of their respective categories, there is always a border, a form of outer boundary that guides how far the brand can be leveraged. This, which could be described as the brands legitimate territory, correlates to what Kapferer (2004:248) describe as the perimeters of brand extension (how far a brand can be extended before it damages the brands assets). What is interesting about using a broad definition is that it influences the boundaries that guide a brand’s legitimate territory, resulting in an expansion further and further away from the inner-core of the brand, transforming more and more introductions and new offerings to accepted extensions (spontaneous associations), instead of being characterised as “no-go areas” (threats of brands capital asset). One example of this is the empirical case of Adidas who states that it is active within sport goods and sport lifestyle targeting; “everyone who will perform any type of sport actively” – resulting in a target including “everyone” performing “any type of sport actively”. In other words, the border lies in what to include in the description of “sport”. Another example from the empirical case study is Peak with their definition of “Mountain Resort Brand”, which according to the company includes most activities that one can do at or around a mountain resort, resulting in the inclusion of golf. This definition also includes more casual-wear orientated collections that could be used before and after an activity. A third case example is GORE, who defines the core of the brand as being about “creative and innovative technologies”. Within the fabric-division, the boundaries lie within what could be described as innovative technologies within the three core benefits (power brands) which could be extended further to: water resistance (GORE-TEX®); wind resistance (WINDSTOPPER®); and moisture barriers (CROSSTECH®).

Another aspect is the evolution of these frameworks over time. In other words, they are being transformed – and within this process also start to incorporate further areas that were not initially included. One example of this is found within B&O and their “entertainment” category which, with the digital revolution, now includes a wide range of products and solutions broadening the legitimate leverage arena even further, blurring the borders of what B&O could offer in the future since it could be almost anything. The same situation applies to Microsoft who is active in a category that is constantly transforming over time. For H&M, it is the word “fashion”, and how
that can be interpreted which guides what could be included in the H&M offering. In the case of the new “H&M Home” offering, the company explains that it would have been impossible to launch this concept a few years ago, but has gradually become possible since interior design is today regarded as fashion. Differently put, the outline of what could be included in the concept of entertainment, IT-products or fashion is not constant but changes over time – blurring the brand leverage border even more.

In other words, there are tendencies towards an on-going shift from using a category description as a guiding framework for brand leverage into using a company’s brand promise, vision, mission, and/or brand values as navigation tools for future brand leverage. Microsoft can exemplify this way of working with the view that the broadening of the overall offering should not be considered as an extension of the brand, but rather as a way to keep the brand promise, working towards the goal of being an innovative leader in a fast-moving industry. Moreover, these blurred borders also indicate a shift away from building a brand category in favour of building a brand. Even though it is hard to predict what implications this will have in the future, it is fair to say that it will influence such things as what criteria to use for selecting alliance partners for various forms of collaborations. However, it is more difficult to predict whether it will be relevant in the future to talk about various extension strategies such as brand extension and vertical extension or if the use of wide category descriptions will result in the definition of these types of leverage strategies becoming obsolete. One potential implication is nonetheless that it most probably will reduce the likelihood that new brands will be introduced, since it is possible to extend a brand further than before. Most interestingly this is something that Aaker (1990) describes as one of the biggest drawbacks of an extension since the company misses out on the possibility of creating a new brand with its own sets of associations, which can work as a platform for future extensions.

**Key points in relation to the literature review**

Using a broad description such as brand promise, vision or mission as a guiding framework for brand leverage, validates the findings and the conclusions from the three emerging intersectional issues (chapter four): that there is a need for a more dynamic, flexible and multilevel approach to brand leverage strategies. This also indicates that contemporary business strategies are based on a brand-to-product approach (building a brand) rather than on a product-to-brand approach (building a brand category). Consequently more and more companies will state that they have not conducted any extensions of their brands but rather that it has been a “natural” evolution. Moreover, using a broad (non-traditional) perspective makes it easier to understand and to explain some of the brand leverage strategies that contemporary companies are involved in, since there are an increasing number of examples positioned in-between various leverage concepts. Furthermore, the outline of
what could be included in these frameworks is not constant but changes over time, increasingly blurring the borders between one brand leverage strategy from another. This confirms conclusions of leverage convergence and the need for a more integrative approach rather than the predominant view of using a static approach.

7.1.2 When the modifier becomes modified

Another area of interest that is related to the discussion above is the conceptual description of source and target, which is something that Riezebos (2003:76) use when he presents different brand stretching strategies. Riezebos illustrates that co-branding consists of a source (header brand) and target (modifier brand), which could be demonstrated through the collaboration between Adidas and Diesel (offering a limited collections of jeans), where Diesel could be described as the header brand since the category of the co-branded product is jeans (Adidas being a brand energizer). This terminology is also something that Park et al. (1996) use to describe the relationship between two independent concepts. According to Park et al. (1996), a composite branding alliance is developed in the context of noun-noun conjunctions (for example: apartment dog) – a modifying concept and a modified concept, with the last concept generally being the header and the preceding concept acting as a modifier (Murphy, 1988). This means that “apartment” is the modifier and “dog” is header. However, because brands are in most cases created by companies their meaning is affected by communication and marketing actions rather than arising more “naturally”. The result is that determining the header and the modifier is reasonably straightforward referring to composite (alliances) concepts in literature, but is not as easily applied to practise in reality (Park et al., 1996).

One interesting empirical case is GORE, which has re-organised its brand portfolio, and within this update re-positioned and subordinated several of its previously strong sub-brands into either; product classes (Performance Shell, Paclite Shell, Soft Shell and Pro Shell and Chempak) or enabling technologies (XCR, Airvantage, Hilite and Airlock). What make this re-organisation especially interesting are two of the stated reasons for this update: (1) That the many levels of brands and sub-brand lead to confusion among consumers; and (2) There was a tendency towards decreasing the value of the strongest assets in the GORE portfolio, the GORE-TEX® brand, in favour of additional sub-brands. These problems were something that had evolved over time, and eventually resulted in the changed relationship between the modifier and the modified in favour of the modifier (the additional sub-brands). Subsequently, the driver brand was no longer the GORE-TEX® brand, but instead became any of the number of additional sub-brands such as XCR. The background for this was that many of the latest innovations, such as the XCR-update, offered a “better” solution compared with the
original GORE-TEX®, and therefore started to grow stronger than the GORE-TEX® brand. This process was also accelerated by the manner in which GORE marketed new innovations, giving them their own brand status. To correct this problem, GORE initiated a re-organisation with the aim of decreasing the importance of different versions/innovations and instead focused on the three power brands (GORE-TEX®, WINDSTOPPER®, CROSSTECH®), taking away the brand status for most of the sub-brands. In practice, this has resulted (among many other things) in a new naming system that works on three levels: brand name, product class and enabling technology, all with their individual role. The brand name (GORE-TEX®) for example has the role of being “the enabler” of the offering that according to GORE should allow users to experience their environment in ultimate comfort and durable protection. The role of the product class is, on the other hand, to expresses differentiating forms, aspects and properties of the brand, while enabling technology provides additional end user benefits. In summary, this new naming system used by GORE has resulted in the following product description of a garment; “GORE-TEX® Performance Shell with XCR Product Technology”, something that hopefully will clarify the offering for customers and influence them to stop asking – “I am looking for a Pa-clite Shell jacket”. This re-organisation that GORE has completed could be described with the help of Farquhar et al. (1992:37), and their discussion of sub-branded modifiers. According to Farquhar et al. (1992), there are two forms of sub-branding strategies: (1) Brand modifiers which are new elements in the form of illustrating words/phrases that are not usually trademarks, and which are often positioned below the level of the master brand. One example is Bailey’s “Irish Cream”. (2) Dual marks consist of two brands, the master brand and the sub-brand, where the master brand has the driving role. One example is DuPont Stainmaster. In the case of GORE, they started building several dual marks, which became to strong that they were transformed into brand modifiers and detracted from the brand status. What this illustrates is that the juxtaposition and the perceived order between what is considered a modifier and a modified can, and in many cases does change over time. It is vital to be aware of this movement and potential problem when building and leveraging a brand portfolio.

Key points in relation to the literature review
What is considered a “source” or a “target”, the “header” brand or the “modifier” brand is reasonably straightforward to determine from a literature point-of-view, but is not as easily applied to practise in reality. One reason for this is that brands are created by companies and are therefore affected by communication and marketing actions rather than arising more “naturally”. Moreover, the relationship between these parameters often evolves and changes over time, something that in the GORE-TEX® case resulted in the modifier becoming the modified over time. This type of dynamic movement
and on-going meaning transformation process in-between more static categories has previously been discussed in section 4.1.3 as well as in the overall conclusions of chapter four. The case study confirms the criticism that established brand models fail to capture brand migration processes, missing the dynamics of the strategic realism of brand architecture – something that is vital to be aware of when building and leveraging a brand portfolio.

7.1.3 The power of asymmetric alliances

According to the case companies, the type of collaboration that looks like it will survive in the competitive landscape of tomorrow tends to be the cases that are clear for the consumer which brand stands for which benefit, and what the involved brands have brought into the collaboration – a clear source and a clear target (Riezebos, 2003). B&O exemplify this by describing that partnerships like the one between B&O-Audi (asymmetrical) have turned out to be more successful than between B&O-Samsung (symmetrical), based on the fact that the added value for the consumer of the asymmetric collaboration is easier to understand – who’s contributing with what (who’s the source and who’s the target). In the B&O-Audi case it is apparent that Audi is the source (the header brand) since the joint offering is about offering superior car audio in a selection of Audi-cars. B&O on the other hand is the target (a modifier brand) contributing a benefit that adds value for the consumer of the Audi car. This is something that Adidas also argues in favour of – that the future for brand alliances lies in the existence or perception of clear added value. The reason for symmetrical collaboration being considered less successful could be illustrated with the B&O case and their collaboration with Samsung (mobile phones under product names of “Serena” and “Serenata”). The problem partly lies in the difficulty for customers to understand what the two brands contribute (who’s the source and who’s the target), especially since both Samsung and B&O manufacture and sell phones on their own, outside the collaboration. The problem occurs when both brands have a prominent role and a driver role in the joint offering. Kapferer (2001:145) makes an interesting observation regarding portfolios, which I believe is relevant for brand alliances as well, that: “portfolios which are too “well-balanced” would appear to demonstrate an intrinsic weakness; when innovation is shared between two brands of equal size, the impact of each is halved”.

There are of course examples of successful symmetric alliances, such as the Smart (stands for Swatch Mercedes ART) car, which was initially a joint venture between Daimler-Benz and Swatch. This car collaboration could be defined as a second brand with double branding endorsement of Swatch and Mercedes, much similar to the jointly promoted mobile phones “Serena” and “Serenata”, which have both B&O and Samsung as endorsers. However, the difference between the two mobile phones and the Smart-car projects is that
it is clear who is contributing with what in the Smart case, which is not apparent in the mobile phone case. There are most probably many other reasons as to why one type of collaboration is more successful than another, but I found it interesting that it seems to be both a practical tendency (as described above) and a conceptual paradox (described below) that speaks in favour for asymmetrical alliances. What I refer to when I say, conceptual paradox, is the established use of a “source” and a “target” (Riezebos, 2003) when classifying and describing brand stretching strategies, such as co-branding. As I have argued earlier (see finding 2, section 4.3.3), this implies that there are no 100% symmetrical alliances, since there is always a source (header) and a target (modifier) – an asymmetrical alliance. Applied to the B&O-Samsung case which brand, according to Riezebos’ (2003) classification, would be the header brand and who should be classified as the target brand? Before you answer, consider that both brands manufacture and promote phones by themselves as well as being active in the electronic industry. Regardless, if you answered one or the other as a header, or even considered both as having the driver role, the key to success seems to be an understandable added value, which is why one always tries to find a header and a modifier. The importance of the problematic question which of the involved brands brings what to the collaboration demonstrate the advantages asymmetric collaborations have over symmetrical ones.

Key points in relation to the literature review

When two companies collaborate the general idea is that the sum of the alliance should be bigger than the sum of the individual parts, in other words: 1+1=3. Another factor to consider is that the most competitive collaborations in the future probably will be the ones where it is clear for the consumer what brand stands for which benefit, and who’s contributing with what – at least if one follows to the case companies in this study. According to the case study, there is an advantage of asymmetric collaborations over symmetrical ones. In addition to this practical tendency, there is also a conceptual paradox that speaks in favour of asymmetrical alliances – referring to the established use of a “source” and a “target” when classifying and describing brand stretching strategies. In summary, the added value of a collaboration seems to be lower when both brands have a driver role, something that confirms the conceptual findings in section 4.3.3 that there is no such thing as a 100% symmetrical alliance. What this describes is that the established models of separating one leverage strategy from another are misleading and that the conclusions from the intersectional issues in chapter four are correct. In other words, there is a need for a more holistic and dynamic framework that better reflects the reality of today’s contemporary brand management.
7.2 Key relationship: overlooked factors and case study

7.2.1 The duration dimension

Analysing the empirical cases, it seems that most types of brand leverage such as extensions, collaborations and the mixture between these two, are mainly long-term orientated, something which is especially true when it comes to various types of collaborations. One example of this is GORE, stating that it always works with brand leverage from a long-term perspective (more than three years, and up to 20-years in the case with Norròna). The reason for this uniformity is not just long-term revenue streams, but rather a manner of always thinking long-term, building the brand, or as B&O describe it – “pleasure of ownership”. Peak goes even further and has included this perspective as one of their four core values – “importance of long-term partnership”, regardless of whether it is a licensing partner, a supplier, sponsor or the relation with the consumer. Another reason referred to by Peak, but is applicable to all the other empirical case companies, is that being long-term orientated is a way to build premium positioning as well as quality associations around the brand. Or as Peak declares: “Peak is positioned as a premium brand, something that has to be reflected in the way that we work with brand leverage”. According to this, being a premium brand is about thinking and building for the future rather than chasing short-term profits. However, a long-term perspective is not enough to be considered a premium brand. It is also vital that one can offer some type of added value for the consumer or the end-user from the collaboration, something that GORE described as: “it is much more important to talk about the activity of the brand leverage, than just talking about the duration of it”. In other words, it is much more beneficial to have an active relationship with a partner than just having a long-term relationship – even though this is also of importance. Adidas also points out that it is important to notice that the added value of a partnership or collaboration does change and evolve over time, something that should require a more active and updated set-up of the partnership. In the Adidas case, this has led to fewer new initiated-long-term collaborations and a stronger focus on active short-term based collaborations. However, the transformation over time is something that will be discussed further in the area of future research – 9.5: Less is more.

One tendency that I found while analysing the case companies is that the long-term perspective is often referred to alongside shorter types of collaborations. The essence of these statements is that there is often a long-term intention when initiating various types of collaborations, regardless of how short they turn out. One illustrative example is the case with Electrolux which even in events with a very short duration, always has a long-term plan that involves if not the same event, at least similar events, building a long-
term connection (working with fashion and design associations). This mindset also influences co-work with local designers meaning that even if the designers change over time, the concept of consciously offering limited design editions is a long-term strategic decision. For example Electrolux campaigns, which will vary over time in terms of content, but which should have the same expression and tonality, build the brand in the long-term – creating a unique positioning. Another interesting finding from the empirical research is the way that many of the case companies describe/define the collaborations that they are involved in. One illustrative example is H&M categorising most of their collaborations under the pragmatic expression of “campaigns”, which could be in the form of collections, projects or communication. The result of companies like H&M using their own descriptions and interpretations, instead of the more ambitious descriptions found in the brand leverage literature, is, besides a more down-to-earth nomenclature, also that the dimension of duration is being influenced. What a practical nomenclature does is treat and manage collaborations like the ones between H&M and Roberto Cavalli as “uncomplicated” short-term campaigns instead of more “complicated” long-term co-branding strategies. This is an important aspect to consider in the discussion of duration, and whether the length of collaboration is a useful tool and/or parameter when managing a brand portfolio strategy. Furthermore, this finding also challenges the validity and importance of the definition that co-branding has a duration that is medium to long-term (Blackett and Boad, 1999). Moreover, if one could modify the length of collaboration by using another vocabulary, is it still reasonable to talk about short-term campaigns versus long-term brand building?

Key points in relation to the literature review
To refer back to section 4.4.1: “Is the length of collaboration something that is actually of interest?” Analysing the seven empirical case companies the answer would be – yes! Within the case study most types of brand leverage, and the mixture between them, are mainly long-term orientated. The reason for this uniformity is mainly a manner of always thinking long-term, building the brand or building a premium position. In terms of tendencies, there is a long-term intention when initiating various types of collaborations, regardless of how short they turn out to be in the end. Another interesting finding is that most case companies describe their collaborations using their own descriptions instead of the more ambitious descriptions found in the brand leverage literature. One result of this is, besides a more down-to-earth nomenclature, that the dimension of duration is being influenced since a practical nomenclature treats and manages collaborations as “uncomplicated” short-term campaigns instead of more “complicated” long-term co-branding strategies. This is an important aspect to include in the discussion of duration, and something that challenges the validity and importance of the definition of co-branding duration as medium to long-term.
7.2.2 The broad strategy of limitations

Studying the empirical case companies one soon realise that exclusivity or other types of limitations are commonly used throughout many levels of the offering. There is, with a few exceptions, always a certain level of exclusivity connected to leveraging a brand. One overarching reason, mentioned by the empirical case companies, as to why they work with different levels of exclusivity is that the company wants to have control over how their products are sold, displayed and that the customer gets the right information and experience when interacting with the brand, something Adidas describes as “discipline distribution”. Among the different levels of limitations that were discussed in the empirical research, the most interesting findings are:

- **Region**: In most cases there are no limitations on a regional level. Those limitations that do exist stem rather from import restrictions, logistic problems, specific demands, special needs, local regulations, or as in the Electrolux case, due to historic reasons. It is not from a strategic brand management decision. There are examples of companies (GORE, H&M) that do have limitations within the regional level. However, these limitations are license based limitations and are therefore better characterised as limitations on the partner level.

- **Duration**: Limitations in terms of duration do exist but are often very case specific. One example is H&M using limitations in terms of duration for their designer collections (limited in terms of the time it is being available in the store). Other examples are Adidas often signing a collaboration contract with an icon or an artist over several years and Electrolux with their design competition – Electrolux Design Lab. However, most empirical companies did not have any limitations in terms of duration.

- **Partner**: In most cases, there was a certain level of exclusivity in terms of partners, limiting the number. However, it was rarely about total exclusivity (using only one partner), but instead a form of shared exclusivity among a limited number of partners. A few examples are Adidas Consortium Partners, B&O Auto Partners, GORE licensing and certificate partners. Besides the amount of partners, there is also another aspect of this limitation – the positioning of the partner brand or how the partner is being perceived and positioned (B&O only work with other premium brands).

- **Distribution**: There are several examples of limitations on a distributional level, such as own concept stores (B&O), licensed franchise stores (Peak), limited to a number of distribution partners (B&O: Audi and Aston Martin; B&O: Apple Stores) and limited numbers of doors (Adidas: Consortium Partners; Peak: selected retail stores; H&M: selected stores for designer collaborations).
is also a sort of “hidden” limitation exemplified by GORE, that only works with selected licensee partners, something that resulting in their products being sold in selected stores, and at a number of quantities that are not damaging to both the partner brand and the GORE brand.

- **Product**: There were almost no limitations regarding a specific product category among the seven empirical case companies. There are however product based limitations, but these are mainly license based limitations.

- **Quantity**: In most cases there are not that many limitations to the number of produced units. The case companies tend to produce and sell as many products as possible. There are however exceptions where case companies (Adidas, H&M) work with limited editions or in other ways limit the number of produced units, such as in the H&M designer collections. There are also, in the H&M case, even limited edition products within theses limited collections, with Victor & Rolf’s wedding dress as one example. These products are extremely limited in the number of produced units and are only sold in a few select stores in order to create as much interest as possible.

Among the tested levels of limitations, the most common levels of limitation were the number of **partners** and **distribution**, which in many cases were one and the same thing. One interesting finding is that the case companies usually worked with more than one partner/distributor, not a single one. This contradicts Aaker (2004a) and his argument that the differentiating power is weakened or even eliminated when there are several partners. GORE describes the use of several partners as “…from a partner perspective it is better if there is more licensee partners that together could help each other to build a product and an impact on the market.” Another aspect that does influence the number of partners/distributors is how many require associations and/or positioning (often premium positioning). The number of partners could also be affected by the fact that some companies, such as Peak, differentiate between global and local partners. **Quantity** is yet another relatively widespread type of limitation mainly among companies such as H&M, Adidas and to some extent Peak, who use this as a marketing tool to create hype around a specific product, something that in the long run will contribute to a stronger brand. Limiting the quantity is however more rarely used among companies such as B&O, Electrolux and Microsoft. The least common limitations were on the other hand the **regional** limitation, which mainly occurred due to non strategic decisions (external factors), and the **product** categories, something that results in that a majority of the company’s products/services should be available in all markets without any strategic limitations. Another infrequently used limitation is **duration**. This level of
limitation is very individually based, and as a consequence of this there are no patterns as to in how it is used.

Moreover, there are no indications that the empirical companies are limiting themselves to one or a few selected types of limitations, instead they use the full assortment of exclusivity parameters. However the mixture often consists of the following three limitations; partner, distribution and quantity. In terms of licensing, almost all levels of limitations are used in conjunction. In addition to the above described limitations, the empirical companies also describe the following additional limitations that they worked with:

- **Price**: In the B&O case there is also the price, which works as a type of limitations since only five or six stars hotels and resorts have the money to pay for the expensive B&O products, something that to some extent is also valid for private persons. A similar thing is described by GORE – that the price of some technologies limits the number of potential buyers.
- **Segments**: In the B&O case, the auto collaborations have a set-up that is built on a sort of exclusivity, in other words co-branding segmentation where each collaboration set-up is unique as a result the solution offered to Audi differs from the solution offered to Aston Martin. Moreover, there is also a built-in difference within a “one partnership”, with individual solutions for different car models. For example, one sound system for Audi A8, one for Audi A6 and one for Audi A4.

**Key points in relation to the literature review**

In my aspiration to learn more about limitations, as stated in section 4.4.2, it is most interesting that exclusivity as well as limitations are commonly used among the empirical case companies’. There is, with a few exceptions, always a certain level of exclusivity connected to leveraging a brand. One often-mentioned reason to use any type of limitation is that the company wants to have control over how their products are being sold, displayed and how customers experience the brand. Moreover, the empirical companies do not restrict themselves to one or a few types of limitation, but rather use the full assortment of exclusivity parameters. However the mixture often consists of the following three limitations: partners, distribution and quantity. Partners and distribution are often considered one and the same thing and quantity is often used as a marketing tool to create hype around a specific product – something that in the long run will contribute to a stronger brand. Finally, some of the least used limitations were regional and product limitations while price and segment where two types of limitation that the case companies used which I had not thought of.
7.2.3 The fusion of integration

Among a majority of the case companies, there is a tendency towards using more and more symbolic integrated collaborations (image/association based collaborations where the involved brand could be consumed independently). There are several illustrative examples of this, such as; Electrolux working with spokesperson Kelly Ripa or Alex Perry – an Australian fashion designer, Adidas' collaboration with designers like Stella McCartney or icons like Missy Elliot and H&M’s “campaigns” with designers such as Karl Lagerfeld. However, in addition to the symbolic tendency, there is also another movement that aims at always including a certain level of physical integration – the products should always be integrated in some aspect. This is something that most empirical case companies (B&O, Peak, Electrolux and H&M) work towards. In the Electrolux case this results in the possibility of trying the products, and/or they should be used in the actual collaboration. For example “Årets Kock” (the participant’s uses Electrolux products) and “Sthlm Design Week” (the possibility to test various home products). This strategy was even implemented at the Solheim Cup (golf tournament), where Electrolux had several grill stations where they made food for the audience. In summary, the best way of describing the use of integration among the majority of the empirical case companies would be to say that it is mainly symbolic, “always” with a touch of physical integration, but rarely about pure exposure. There are, as always, exceptions like in the case with B&O, who always has, and always will, focus on physically integrated collaborations, especially after some less than successful tests of symbolic based collaborations.

However, categorising collaborations as either physical or symbolic is somewhat problematic, especially if one uses the definitions of Rao and Ruekert (1994; 1999) and Simonin and Ruth (1998). That is physical integration (where one product (brand) cannot be used or separated from the other) and symbolic integration (where the involved brands (product) can be consumed independently from the other). Using the B&O case as an illustrative example, it is relatively easy to classify the auto collaborations with Audi and Aston Martin as physical integration since B&O sound systems for cars could not be bought outside the collaboration with Audi or Aston Martin. However, it is not as clear when it comes to classifying the mobile phone collaborations with Samsung. Is it a physical integrated collaboration since one cannot buy these specific products outside of the collaboration or is it a symbolic integrated collaboration since both companies actually offer phones as individual products? Another illustrative example of the complexity involved an accurate classification is the collaboration between Adidas and Goodyear, which many, including myself, would categories as physical. However, this collaboration only consists of Goodyear permitting (through license) Adidas to use their name on their products (there is no Goodyear
rubber in the sole of the shoe) – therefore qualifying as a symbolic collaboration. A final example is the designer collaborations that H&M work with and that they describe as both symbolic as well as physically integrated collaborations. The reason for this is that the designers are much more than just a name put onto a garment. Most of the designers (such as Karl Lagerfeld among others), actually are responsible for the design and for the production of the sample collection, creating something unique for H&M that could not be bought outside this specific collaboration. The problem with physical versus symbolic integration lies in their basis in vague definitions, which mainly view brands in terms of branded products/services, not including other aspects of a brand that can be used in collaboration. Due to this, the discussion around integration therefore often misses the complexity and range of various forms of collaboration. Moreover, it seems that the empirical case companies do not pay any considerable attention to whether it could or could not be bought outside the collaboration, but rather focus on their brand in some manner interacting with the customer/user.

**Key points in relation to the literature review**

Categorising collaborations as either physically or symbolically integrated (whether the involved branded products/services could or could not be bought outside the collaboration) is complex, somewhat problematic and also irrelevant. The reason for this is that there is a double-sided tendency among the empirical case companies – being mainly symbolically integrated collaborations but “always” with a touch of physical integration. In other words, the tendency in terms of integration is that there is often a mixture of these two forms of integration, something that answers a few of the previously stated questions in section 4.4.3. Moreover, the empirical case companies do not pay any considerable attention to whether the involved brands could or could not be bought outside the collaboration – instead they focus their attention on the interaction with the customer/user.

7.3 Key relationship: case study

7.3.1 The hidden enhancers: differentiator or energizers?

Before moving into the discussion of brand differentiators and brand energizers, there is one thing that I find pertinent, and that I believe could be a contributing reason for the number of the case companies using some type of differentiators and/or energizers. What I am referring to is that most of the empirical cases stated that they had very few brands in their portfolio, in contrast with both my personal perception and the conceptual description outlined in the introduction of this dissertation (Laforet and Saunders, 1994;
Aaker, 2004b). Moreover, most of the empirical companies (B&O, Adidas, Peak, Electrolux, Microsoft and H&M) went even further to describe that their brand portfolio was mainly about one brand – the master brand. There is never a rule without an exception, and in this case, the exception is GORE, which after a re-organisation has three main brands, referred to as power brands. This almost coherent brand structure, correlates to the discussion of “convergence of brand cultures”, explained by Kapferer (2001:3) as the existence of two main brand cultures, based on either the Western view (building strong product brands), or the Japanese view (building strong companies). The convergence lies in that the perception that a Japanese view is approaching the Western (introducing more product brands), and that the Western view is approaching the Japanese (building strong corporate brand). Even though many of the case companies focus on the master brand, their portfolios could not be described as being monolithic (one brand structure), as they also includes numerous sub-brands.

This type of strategy is what Farquhar et al. (1992:37) refer to as “sub-branding strategies”. In other words, subordinated brands that are used to communicate refinements or differences in order to modify a product or the master brand and to draw attention to alternative brand associations. These sub-brands are often used to add differentiation and energy, creating and maintaining a strong master brand and could therefore be described as brand differentiator or brand energizer (Aaker, 2004a). There are several examples of these sub-brand phenomena among the case companies, such as the “labels” (Y3) or the “product concepts” (adiSTAR) within Adidas, the “product classes” (Paclite Shell) or the “enabling technologies” (XCR) within GORE – which are all similar to brand differentiators. Other examples are: the “lighter-collaboration” (Louis Vuitton) within B&O; the “collaboration” between Missy Elliot and Adidas (Respect M.E.); and the “collaboration” with Alex Perry (designer) or Pia Wallén (designer) with Electrolux – which are all similar to brand energizers. Whether the case companies actually are aware of the difference between a brand differentiator and a brand energizer is hard to tell, but most probably they do not. And if they did, it would almost certainly not carry much significance. However, knowing the difference between these two types of enablers could play an important role in how companies work and/or structure their brand portfolios. The reason for this is that they represent different dimensions of a brand portfolio strategy, and therefore have different roles and benefits. This means branded differentiators have a “product defining role” with benefits found within a product-market context, while brand energizers have a “portfolio role” with benefits within a brand-building context. One likely outcome of not knowing the difference between these two could therefore be that companies have false expectations when working with these types of sub-brands, and that good initiatives cease since they do not deliver on expectations, while they could have been successful in another context.
Continuing the discussion around the characteristics of these two enablers, Peak presents an interesting example. The company uses different sub-brands or “enhancers” when communicating specific functional benefits such as functions, techniques, material and/or level of quality (branded differentiators). The strongest enhancer is *R&D Lab* (a phenomena referred to as “silver bullet”, by Aaker (2004a) which means a prioritised differentiator/energizer), followed by *Black Light* and *Hipe*. In addition to this, Peak work with sponsorship and various events in order to increase trustworthiness and create a lifestyle outdoor brand (brand energizers), something that also motives and guides the collaboration with Scott, offering a complete package of Peak lifestyle products including skis, poles, helmets and goggles. This type of equipment collaboration is never about functional benefits or earning money, but instead about creating an image, flirting with the Peak consumers, building a lifestyle feeling and a relationship with the core consumers. Building a lifestyle brand is something that more and more companies strive towards, with BMW (BMW Lifestyle) and Porsche (Porsche Selection) as two examples (Filipsson et al. 2002). Peak’s collaboration with Scott could be described as a brand energizer, but since the collaboration is about using credibility and associations from another firm, Aaker (2004a) instead refers to it as an “external branded differentiator”. Other similar types of differentiators within the Peak portfolio are; GORE, DuPont and Schoeller, who also act as supplier partnership, whether it is goggles and helmets (Scott) or fabric and material (GORE-TEX®). However, there is something that disqualifies the collaboration with Scott from being an external branded differentiator. Peak is not actively communicating the Scott brand, but rather using them as a “hidden” partner. Begging the question: what is the collaboration between Peak and Scott?

Another interesting case illustrating this phenomenon is Microsoft that uses eight strategic sub-brands (soon to be nine), as a way to create and build an attractive and relevant Microsoft. This strategy has resulted in each of these eight sub-brands developing its own character and associations, playing its own individual strategic role and having its own primary target group collectively reinforcing the master brand. The idea is that the perception of the different sub-brands should differ, though when all the pieces in the big Microsoft “puzzle” are put together, these variations form a dynamic and stronger master brand. Almost all sub-brands within the Microsoft brand portfolio could be defined as brand differentiators (Microsoft Office, Microsoft Windows, and Microsoft Dynamics). However, when targeting the B2C-market, using sub-brands such as Zune (music, TV/movies) and X-Box (gaming), the sub-brands take on the character of brand energizers. One interesting aspect of these brand energizers is that they have a somewhat weaker connection (both in terms of brand identity and visual identity), to the master brand compared with sub-brands focusing on the B2B-market (brand differentiators). According to Microsoft, this was a strategic decision
in order to increase credibility, strengthening and adding new values and associations to the master brand. Moreover, this phenomenon is also found within the empirical case of H&M using several sub-brands, which are either based on the H&M brand (H&M Young) or have their own brand character (Divided) – both with the characteristic of brand differentiators. In addition to this there are other brands in the portfolio, brands such as: COS, Weekday and Monki, who all have a weaker relationship to the H&M brand. More interesting is that these brands are described by H&M as having mainly emotional benefits (brand energizers), since these chain stores add new dimensions to the master brand. These brands are therefore used to enhance the brand image, add new associations and create credibility, similar to how the different communicative collaborations (designer collections, camping projects, traditional communication and sponsoring) are used to help build a positive image of the master brand.

Analysing these three cases, one could identify a phenomenon which seems to occur when adding emotional/symbolic associations, in other words using brand energizers. However, the unique characteristic is that these collaborations and extensions are somewhat “hidden” and/or not actively communicated. According to Aaker (2004:154), it is essential that both enhancers and energizers need to be linked to the target brand. Aaker also state in their individual definitions that it is important that they create an impactful point of differentiation (brand differentiation) or significantly enhance the brand in order to be suitable for the task. This is clearly not the case here, since these initiatives are rather about not communicating this link, and about forming a long-term perspective enhancing and building the brand. Due to these facts, Aaker (2004a) argues that they do not justify active management. However, they do exist and the case companies seem to be pleased with the outcome. Maybe Farquhar et al. (1992) and their discussion about super-branding strategies could support any guidance. And in some sense they do. Farquhar et al. (1992) describe the H&M and COS correlation as an “indirect extension” carried out in a non-traditional way, something they exemplify with Toyota and Lexus or Nissan and Infinity. However, the idea with the super-branding strategy is to eventually reveal the connection, something which I am not sure will happen in the above described case examples. Moreover, the reasoning of Farquhar et al. (1992) does not entirely fit into the phenomena of Peak and Scott or the B2C-extension that Microsoft has launched. Therefore, in conclusion, this is an area within the field of brand leverage that we currently know little about, and something that we need to look further into. There is a need to explore and learn more of how and why companies work with “hidden” forms of brand leverage.
Key points in relation to the literature review
Among the various types of brand leverage initiatives that the case companies are involved in are several phenomenon that can not be fully explained or defined by the today’s established brand models framework. One such phenomenon is the increasing use of “hidden” and/or not actively communicated collaborations which seem to occur when companies aim to add emotional/symbolic associations to the master brand. One example is Microsoft and their weaker connection between the master brand and the sub-brands focusing on the B2B-market (X-box, Zune), a strategic decision made in order to increase credibility, strengthening and adding new values and associations to the master brand. A similar strategy is used by H&M (COS, Weekday and Monki) who also use these brands to add new dimensions to the master brand enhancing the brand image – creating credibility. One conclusion from this is that future frameworks or brand models should be based on a more holistic approach that could facilitate the inclusion of new emerging forms of brand leverage strategies and explain their relation to more traditional ones instead of following the path of endless additional concepts that are separated from each other. This insight correlates to the overall conclusion in chapter four that future frameworks should better explain the converging reality of multilevel branding and the on-going transformation within this field.

7.3.2 To make or buy brand portfolio leverage
Within the Adidas case, there is a phenomena which could be best described as; extension through acquisition. This phenomenon is, according to Adidas, based on learning from previous category extensions that in retrospect moved too far away from the core of the company, resulting in the type of expansions that are carried out today through acquisitions rather than extending a brand. One such example that I will discuss in greater detail is the acquisition of TaylorMade in 1997, which is one of the strongest brands within golf, and especially golf clubs. When TaylorMade was acquired, Adidas launched Adidas Golf, a subsidiary of the Adidas Group, with the aim of producing golf apparel and footwear as a complement to the TaylorMade offering. This set-up has been very successful, and Adidas Golf has rapidly grown to become one of the leading golf apparel companies in the industry.

What makes this case interesting is that the acquisition of Taylor Made could be described as a “short cut” to the golf segment for Adidas – a method to get both know-how and credibility within this specific segment of sport goods in a short period of time. The acquisition provided Adidas with a sort of legitimacy to start offering golf products, generating a quick route to the extension of the Adidas brand – filling a potential “gap” in the brand portfolio. When companies, like Adidas, are buying brand equity instead of making and developing brand identity, it could be described as a sort of indi-
rect category extension. Moreover, this way of expanding a brand’s offering bears some similarities to what Aaker (1996:292) describes as a range brand (a created identity, in the Adidas case a bought identity, that is being conceived as a spanning symbol, that assists customers in seeing relationships between products and offerings that otherwise would have been missed). This phenomenon also has connections to Desai and Keller (2002), and their discussion around host brand extendibility. Briefly described, Desai and Keller (2002) introduce the idea of subsequent category extensions and describe a more profound strategic role for brand alliances (in their case ingredient branding), a role that goes beyond just modifying the attribute that currently characterises the host product. What their findings reveal is that ingredient brands can help the host brand to successfully introduce a completely new attribute (inherited from the ingredient category) into the host category, and in some cases expand the usage of the host brand. The most interesting thing in their research is that the host brand effectively could leverage the ingredient to extend into categories in which the host brand would have difficulty extending on its own – much similar to how Adidas used the strength of TaylorMade. However, in the research of Desai and Keller (2002), there is also a discussion around the pros and cons of using another firm’s brand or using a self-branded ingredient. The Adidas set-up and their acquisition of TaylorMade could be described as a mix of the two, capitalising on the benefits of using another firm’s brand with the control of ownership. Another interesting aspect of this “bought leverage” phenomenon is that Adidas does not regard the interaction between TaylorMade and Adidas Golf as a collaboration, since it is between two brands in the same portfolio. Instead, it is just being classified as complementary. In summary, this is yet another example of the bigger trend that brands often exist in conjunction with other brands (Rao and Ruekert, 1994; Simonin and Ruth, 1998), and that companies are using other companies brand equity to leverage their own brand. A strategy that has thus far focused on brand equity (different forms of brand alliances) yet through phenomena like these has evolved to include the leverage of channel equity.

**Key points in relation to the literature review**

The phenomenon of extension through acquisition illustrates that it is misleading to treat various leverage strategies as disconnected strategies since they are in many aspects alike, have similar benefits and could be used in a similar fashion (see section 4.2.4 for a conceptual review). Moreover, one leverage strategy is often interwoven into another and in many cases used as a quick rote and/or a first step into the other. Extension through acquisition (referred to above as indirect category extension) also illustrates that companies use a mixture of leverage strategies to extend and strengthen their brand, in other words a combination of self-branded equity (extension) and equity from other company’s brands (alliances). Finally, the introduction of buying
brand equity demonstrates that there is an ongoing evolution of brand leverage strategies transforming how companies create and manage an attractive and powerful brand portfolio. Besides confirming the previous findings in section 4.2.3 and 4.3.3 (the lack of interaction and convergence between leverage strategies) this example also illustrates the reality among most of today’s contemporary companies and their brand architecture which include brands that are not owned by the company. This confirms the findings in section 4.1.3 (brand system vs. brand portfolio) that future brand models needs to be based on a more realistic, expansive and comprehensive framework that include leverage strategies outside the boundaries of the own company.
8. Implications: introducing a dynamic framework

This section of the dissertation aims to elaborate on the synthesis at the intersection of brand leverage strategies based on the outcome of the previous analysis chapter and on the critique stated in the three identified and described intersectional issues.

8.1 Reconciling the contradictions of brand leverage categories

The line of argument in the following discussion is based on the tendency towards the division of most of today’s contemporary brand leverage models into static categories, which therefore miss out on the intersection and the iteration between various leverage strategies and their sub-strategies, areas which are of essential concern both for researchers as well as in most practical cases of brand portfolio management. The outcome of this research could be summarised as the following four syntheses of brand leverage – all based on the identified shift from closed and static, to open and dynamic.

8.1.1 From exclusive brand system models to inclusive brand portfolio models

Looking at an organisation’s brand portfolio, restricting it to the boundaries of the own organisation has become obsolete. A comprehensive and more realistic approach of brand portfolio management also has to include external brands and partnerships, joined together as part of a natural brand territory expansion. This includes emerging forms of brand leverage, in or outside the organisation, and especially the many variations of collaborations that are common among today’s organisations. This also includes the mixture of various sub-brands, differentiators and energizers, all with their own character and associations, which more and more companies use to create and maintain a strong, attractive and relevant master brand. Instead of limiting the view to a house-of-brands perspective (based on the own organisation), the future lies in a perspective that rather looks at the portfolio as a house-of-brand alliance (including brands outside the own organisation).
Moreover, an updated and expansive approach also has to include the dynamic movement and on-going transformation that more and more brands are involved in during their life cycle.

8.1.2 From individual brand leverage strategies to a mixture of brand strategies

Today’s divisive principles treat the many brand leverage strategies as separate silos that are not integrated or joined together through migration. Introducing the idea of individual brand leverage strategies is misleading, especially since they are in fact different executions of one and the same leverage strategy. A more comprehensive and integrated approach is instead based on managing a holistic multilevel brand, using a mixture of various brand leverage strategies, transforming co-branding and brand extension strategies to composite brand extensions and indirect extensions.

8.1.3 From making brand identity to a mixture of making and buying brand equity

The most common approach within brand leverage has been to either create your own leverage (extension) or collaborate with the help of someone else (alliance). However, in the backwash of inclusive brand portfolios, the reconciliations of brand leverage should also embrace a dynamic outline including an increasing use of buying someone else’s brand equity, using this as a leverage platform instead of what is traditionally used – making your brand identity, building a leverage platform from this. Buying equity could take many different forms, with Adidas’ acquisition of TaylorMade, an example of using another’s brand equity as a platform for new introductions. This is however, not only a case of acquisition of brand equity but also channel equity.

8.1.4 From divergence to convergence: changing face of brand leverage

The summary of the above describes three syntheses, indicating the introduction of and shift towards a more holistic and more dynamic approach to brand leverage, a approach that emphasizes the convergence, the iteration in-between the various leverage strategies, and that is built on an open structure – so that it can include new introductions in the future. Such a new viewpoint would simplify the understanding of the complex area of brand leverage, as well as clarify and highlight both the migration and the iteration between the various strategies.
What the four syntheses describe is not that everything is merged together into one leverage strategy without any nuances. The key is instead that it is vital to highlight that there are more similarities than differences between the varieties of brand leverage concepts, and that there are actually “hidden” convergence descriptions in many of today’s static brand models. Nothing is black or white, something that also applies to the characteristics of brand leverage. This reasoning does not, however, contradict the discussion of divergence (Ries and Ries, 2004), the argument that changes in the marketplace are being best solved by the use of deduction. Ries and Ries (2004) base their analysis on Charles Darwin and his “The Origin of Species” (that new species arise from divergence of an existing species), and argues that brands evolve in the same way. It is true that changes in technology and in the cultural environment create conditions that cause categories to diverge – generating new brands, categories and variations. However, treating these new phenomena as individual and separated strategies is misleading, and does not offer any assistance regarding the interaction, the transformation and the iteration between them. I will in the next section present a framework that is built on and that creates guidance within this dualism.

8.2 Conceptual implications

The conceptual contribution consists of the identification and description of a research gap within strategic brand management (intersectional issues with contemporary brand leverage models), something that is a result of an ongoing lack of criticism towards established brand concepts. The consequence of this is that strategic brand management has split into a number of individual and static definitions, which sometimes have little or even no touch with reality, and rather add to confusion instead of offering clarity and guidance – it has fallen behind and is to a great extent in need of re-vitalisation.

8.2.1 Re-vitalising brand management

As described above, there is a need to move away from a static dichotomy towards a more dynamic, flexible, holistic and more realistic framework for brand portfolio management that includes both the mixture and the iteration between various leverage strategies, as well as the transformation that more and more brands experience over their lifecycle. Today’s multifaceted brand portfolios include a variety of brands and emerging forms of brand leverage, inside or outside the organisation. A re-vitalised approach should enable brand strategies that involve image transfer components such as endorsed sub-branding strategies, the convergence of co-branding and ingredient branding (Daim inside ice cream and cakes), complex combinations of inclusive leverage strategy and elaborated brand architecture. One example is
endorsed product co-branding structures (Jamie Oliver Professional Series by Tefal).

A good metaphor that illustrates today’s brand leverage strategies and the reality of brand portfolio management is “sampling”, which in music is the act of taking a part, or sample, of one recorded sound and reusing it as an instrument or element in a new recording. Applying this metaphor on brand leverage strategies, sampling could be described as taking a part, or characteristics of one existing strategy, mixing and reusing it in another new form of leverage strategy – creating something dynamic and new. The sampling future of brand leverage is already used in reality, but the available conceptual frameworks necessary to provide structure and clarity lack this viewpoint.

8.2.2 The brand leverage palette

This research has come to the conclusion that it is not relevant to look at and treat the area of brand leverage as a number of static and individual strategies. However, I still believe that these static definitions have a purpose, but not as absolute and stand-alone strategies that brand managers and management executives should strive for. Instead, I propose that these statements are being used as “lighthouses” (a sort of guiding light), from which one could navigate between the different nuances of brand leverage strategies. Moreover, it would be impossible and also unnecessary to start all over from scratch, creating a completely new framework. The reason for this is that there is a need to relate to something tangible in order to be able to revitalise, adapt or create something new. It is therefore my recommendation to use the existing and established concepts and strategies as guiding lights (lighthouses) and introduce a new perspective of multilevel branding – built on a more sensitive and more holistic approach. A more realistic and truthful brand concept is instead a palette full of nuances between the different strategies, something which is illustrated in figure 28 on next page. This way of illustrating brand portfolio as well as brand leverage strategies will add clarity regarding the definitional problems and offer guidance, explaining different mixtures and migratory movements among today’s brands.
Figure 28: The Brand Leverage Palette

The brand leverage palette is constructed in such a way that it could change in size (in diameter), based on how many nuances an organisation is using or needs to use to gain an overview of their overarching offering. Moreover, the brand leverage palette is built on two axes. The vertical axes describe various nuances of brand portfolio strategies with the two extremes; house-of-brands and branded house as lighthouses. The horizontal axes on the other hand describe various nuances of brand leverage strategies with extensions as one extreme and collaborations as the other. The circle, positioned in the middle of the palette, illustrates the area where most portfolios as well as leverage strategies are located in reality – defined as multilevel brand. It is within this multilevel brand area that the on-going iteration takes place, and where the migration and the transformation are happening during a brands lifecycle.

8.2.3 Theoretical contribution

As pointed out in the beginning of this dissertation there is a need to identify, describe and explain the territory in-between brands. My theoretical contribution is based on intersectional issues and an identified gap within contemporary brand leverage models and their classification system. The findings show that conventional brand management models and terminology do not fully explain common marketplace strategies and practice.

My “building block” to theory development consists of challenging the established approach of brand portfolio management and brand leverage, taking the idea of strategic brand management a step further. This research
introduces a more realistic viewpoint and dynamic framework that is based on convergence and that allows migration and iteration rather than today’s static approach – a shift from closed and static, to open and dynamic.

The added value of this research and the dynamic framework (the brand leverage palette) is that it moves away from a static dichotomy, introducing various nuances in the mixture of different leverage strategies. This new revised thinking simplifies the understanding of the complex area of brand leverage, as well as clarifies and highlights both the migration and the iteration in-between the various strategies. It also offers guidance and legitimates the perspective of multilevel branding for both academic researchers as well as practitioners.

8.3 Practical implications for managers and marketers

The practical implication of the brand leverage palette is that it introduces a framework that takes the mixture, the iteration and migration into account. Moreover, it offers a holistic framework which could guide brand managers and others in a world full of duality, the reality of today’s practical way of working with brand leverage strategies – best described as a dynamic iteration within an overarching brand territory expansion. In other words, the proposed framework, with its lighthouses, offers guidance in a rough ocean of branding confusion, something that is of great importance since today’s companies are undergoing a constant process of innovation and renewal of their brands. The notion of brand leverage has changed over time, and will continue to do so again and again in the future.

The best way to use the palette is to work with it as a framework, a viewpoint, and a first step of gaining an overview of different brand leverage initiatives within a brand portfolio. Based on this, the next step is to focus more on details and describe and structure the organisations offering, in order to achieve an overarching view, a map, of the iteration, the mixture and the migration between different brand leverage strategies. One way of doing this is to use the “brand leverage map”, which was initiated and used in the empirical case studies. The principal idea behind this brand model is to offer organisations a framework that could be used to gain an overview of their brand portfolios from brand leverage perspective. When drawing up a brand leverage map, it should be based on the above described four syntheses of reconciliations. It is also important to notice that it should be treated as a snap-shot of the existing structure and offering, rather than a strategic long-term map over how to manage the brand portfolio. Moreover, I am aware of the paradox that is built into this model – which is that one has to cluster the different leverage initiatives and offerings into categories in order to be able to describe the integration between them. Furthermore, the exact outcome of the leverage map will, and should differ between companies. The reason for
this is that all companies are different, the use of different perspective leads to different outcomes. However, this is not a problem since the brand leverage map is not offering a tool determining what is right or wrong. The brand leverage map should instead be used as a sensitive tool that could be used to better understand the appearance of a company’s brand portfolio and brand(s), and in which areas there might be an opening for further expansion and where it is becoming crowded.

A practical tip when sketching up a brand leverage map is to try to include an external perspective, and not base the entire sketch on an internal and organisational structure. One motive for this is that a brand leverage map often looks different, depending on whether it is the company itself or any external party that has created the sketch. Using a mixture of an inside-out and outside-in perspective will lead to a less static sketch, and offers valuable insight that will be beneficial in the future when managing the brand portfolio, balancing internal requests with market trends and important consumer insights. One suggestion is therefore to combine the internal sketch with an external one, comparing these two, and base the analysis on an updated brand leverage map, just as I did in the empirical cases.

I end this chapter with a quote from the empirical research that I feel summaries the future of brand management.

“\textit{It would be impossible to fulfill the customer’s needs, adding new products and services, being an innovative technology leader, and at the same time have a corporate- and offering structure that is built on isolation and segregation. The key to success lies in an integrative approach.}”

Microsoft, 2008
9. The future of brand leverage: a research starting point

This, the final chapter of the dissertation consists of areas previously identified and/or discussed in this research which have proven to be particularly pertinent and that are recommended for future research.

9.1 Brand leverage map: a conceptual tool for reconciliations

The brand leverage map, first formulated and introduced as a method to better structure the empirical research in this dissertation, has turned out to be a interesting conceptual tool which could be used in the work of reconciling brand leverage strategies and their management. Future research could further develop this conceptual model, as well as evaluate the pros and cons of this conceptual and practical leverage tool, applying the earlier introduced dynamic framework (the brand leverage palette). Moreover, a practical area that is highly significant is to further and in more detail explore and quantify the differences between the internal (company) view and the external (research/consumer) view.

9.2 Mixed brand structures

The introduction of a holistic multilevel brand perspective is only to consider the first step to deeper knowledge about the mixture of various brand leverage strategies in the context of inclusive brand portfolios. Future research should therefore continue to develop the insights from my “building block” of theory development, focus on exploring and learning more about the various mixtures and migrations that have become an imperative and an important part of contemporary strategic brand management. A few examples are to: (1) Identify and describe the integration and iteration between individual brands, brand extension, co-branding and ingredient brand (2) Explore the interface of sub-brands, differentiators and energizers, and how they are managed as an entity to strengthen, differentiate and energise a master brand (3) Explore whether the metaphor of sampling could be developed further,
and used not only to explain today’s reality, but also to identify and create new strategic brand concepts; and (4) explore the mixture of leveraging your own brand portfolio, capitalising on someone else’s brand leverage and acquiring someone else’s brand leverage.

9.3 The impact of wide brand definitions

According to the empirical research, there appears to be a trend towards using a broad brush when illustrating the brand and what it is offering, such as Peak (a mountain resort brand), B&O (entertainment), H&M (fashion) or Oakley (find opportunity, solve with technology, wrap in art). All examples illustrate the previously described shift from closed and static, to open and dynamic. If this accelerates and becomes an imperative, what impact will this have on the field of brand portfolio management and brand leverage? Is it relevant to talk about brand extension in the future? How will this affect the set-up of various forms of collaborations such as partner selection? There is a need to study this phenomena in more detail to learn more about the connection between using wide brand mission/vision and/or brand values as a leverage tool and what implications that might have on brand portfolio management. One practical example for future research is to look further into and measure the connection between the widths of, for example, a company’s mission and the range of categories that the brand has been extended to. Another example is to study whether there is a movement and development towards an increased use of range-brands.

9.4 Overlooked factors of brand leverage

The three overlooked factors that I identified in intersection 3, and that I further explored in the case study, have in this dissertation only been briefly discussed and analysed. I therefore find all of them interesting subjects for future research – each with it owns specific direction, as elaborated below:

**Duration**

The dimension of duration is something that obviously plays an important role for many companies when managing brand leverage, especially within various types of collaborations. There are several aspects that future research could explore further (1) The tendency towards “always” having a long-term perspective, even in short-term collaborations. Does this imply that “all” types of collaborations are transforming into long-term brand building platforms, and that short-term results are decreasing in importance? (2) How will the set-up and the level of activity be affected by the fact that the added
value of collaborations do change and/or evolve over time? (3) Explore the paradox that more and more collaborations have an overarching long-term perspective, but there is also a tendency of working more and more with shorter collaborations since long-term collaborations tend to decrease in importance (impact on building/enhancing the brand). (4) How do the above three areas correlate with the use of pragmatic expressions and nomenclature when describing various sorts of collaborations, and is duration a valid tool for managing a brand portfolio strategy?

**Limitations**

The use of limitations and various forms of exclusivity are extensively used among all empirical case companies. This area of brand leverage is still relatively under-researched, and should therefore be of interest for future researchers. Aspects within this area that I find particularly interesting are detailed as follows. (1) The mixture of various forms of limitations and how these interact and influence the structure and the management of a company’s brand portfolio (2) The level of partner limitations, and the fact that it is common to use several exclusive partners instead of only using one (3) Why companies like B&O, Electrolux, Microsoft do not actively work with limitations on a quantity level. Are there other reasons than manufacture based?

**Integration**

This area of brand leverage has previously been a subject for research, yet what is missing is more detailed knowledge about the complexity and the mixture between symbolic and physical integration, as in the empirical cases where there has to be a possibility to test, or in any other way interact with the brand, even though it may be symbolic collaboration. Moreover, there is also a need for a more contemporary update of the definition “cannot be separated from the other”, referring to physically integration, since this established definition is based on a product/service perspective of a brand, missing out other aspects of a brand. Future research should therefore include a non-product perspective and explore this further. Correspondingly, future research should also clarify whether this type of definition is still a valid feature to use, and what are the pros and cons of using or neglecting the framework.

**9.5 Less is more: the future of collaborations**

The future for brand leverage strategies, at least if one listens to the majority of the empirical companies (B&O, Adidas, GORE, Peak and Electrolux), seems to be that there will be less and less collaborations. Or differently put
quality goes before quantity. Instead of numerous of collaborations, there is a movement towards a few select partners that are well regarded, well operated and that align with the own brand values and positioning (or complement these). One illustrative example of this is Peak, who describe the future as “less but worse”, meaning that there will be less initiated brand leverage projects within the brand portfolio, but those collaborations that Peak does work with will be intensified, deeper integrated and further capitalised. The reason for this is, according to Peak, that there are too many collaborations and extensions, which confuses the consumer. GORE agrees with this, and describes the future for brand leverage as being about simplicity, refinement and focusing on the essence of the brand rather than creating too many promises, which are confusing more than attracting consumers. To be successful in the future, it seems that companies have to have a clear offering and something that offers an added value to the consumers. According to GORE that added values consist of a “...less is more structure”.

Another aspect of this is described by Adidas, who include the perspective of length into the discussion. According to Adidas, the influence of a specific collaboration does change and/or evolve over time. The question is therefore whether they still provide any added value for the company over time. In the case of Adidas, this has resulted in the decreasing number of new long-term collaborations such as Stella McCartney, Porsche Design, Missy Elliot in favour of more short-term based collaborations as well as keeping and developing the already existing ones as well as doing more by themselves (using less partners than before). One reason for this is, according to Adidas, that collaborations are becoming overexposed, with the risk of alienating consumers. Moreover, those collaborations that Adidas will work with in the future have to be well integrated in other parts of the organisation, offering a much clearer added value for the consumer.

Today, collaborations with other brands or partners have become, or are on its way to becoming an imperative in most industries. So, what is the added value for the consumer when everyone is collaborating with everyone? Future research could focus in greater detail on what type of implications a “less is more” strategy would have on chosen leverage strategies. In other words, whether there are some leverage strategies that are becoming less popular and if there are some that are increasing in popularity. Yet, another area of interest for future research is whether limiting the number of launched collaborations could be described as a type of exclusivity (in terms of time between the limited or collaborated products) and whether this exclusivity creates added value for the consumer – creating a “pull” effect and a strong “must have” feeling when a company finally launches a new collaboration or a new generated offering. Moreover, future research could look deeper into and explore the change/evolvement of long-term collaboration and how that change/evolvement affects the perception of the involved brands over time.
9.6 New forms of retail collaborations

One compelling aspect to look further into is the increased importance of retail mentioned by most empirical case companies. Especially interesting are the new forms of collaborations within and around retail that for example B&O describe. According to B&O, they will in the future work even more with the location of their concept stores, initiate clusters with other brands, with the aspiration to build areas of lifestyle concepts – creating networks with similar or complementary associations, complementing the own brand. This type of “hidden” collaboration is something completely different compared with the external communicated alliances that most companies work with today. It would therefore be interesting to identify and learn more about what types of “hidden” collaborations organisations work with, how these new forms of collaborations are structured, and the motivation behind them. Other areas of interest for future research are to point-out what kind of criteria are used in the process of creating these new forms of collaborations and if there are any differences compared to more communicated collaborations.

Another phenomenon that according to the empirical case companies is becoming increasingly important is the use of concept stores, shop-in-shop modules and pop-up-stores. The reasons for introducing these types of retail channel are mainly to create a platform where one could interact with the customer, increase the brands image, create trustworthiness and build a lifestyle brand – creating the “right” experience of the brand. Future research areas could consist of the identification and description of what parameters are important in these branded offerings. Is it mainly one of several communication channels or is it something more, something that interacts with other aspects of a company’s brand platform? If so, how, and in what way and are there indications that retail channel is becoming a new form of brand extension?
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- Markus Wonko, Head of Adidas Originals

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- Ulrika Kjellström, PR Manager

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- Susan Skyllermark, Project Manager Electrolux Global Brand Management

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- Håkan Björkstedt, Legal Council
- Björn Norberg, Legal Council
Jörgen Andersson, Marketing Manager
Microsoft AB, 30th of June 2008
  o  Anna Lundmark, Brand Manager
  o  Heléne Lidström, Communication and Marketing Manager

Peak Performance, 23rd of May 2008
  o  Jonas Söderqvist, Concept Manager International Sale

W.L. Gore & Associates Scandinavia AB, 21st of May 2008
  o  Gunnar Carlsson, CEO
  o  David Ekander, Marketing Manager
Appendix

About the author

A short introduction

It all started when I lived in Chamonix, during the mid 1990s, where I was skiing and enjoying life in the mountains for two seasons. While doing so, my interest in marketing began to develop which influenced me to start my own distribution company, a company with which I introduced five American consumer brands to the European market. Later on, the business developed into event marketing with clients such as Hewlett Packard, Nokia N-Gage, Peak Performance and Red Bull. Along with my company’s evolution, my own interest in marketing also evolved, first into sponsoring and later into the field of brand management. One thing that caught my interest was that there seemed to be an absence of criticism within brand management towards the widespread view of contemporary brand models and the structure of these, in other words, the strategic tools and theories that were available were not always made for the reality that I worked in – there was a lack of movement and convergence. This insight came from years of observations in the field, not only from the lifestyle industry that I mainly worked in, but also from other more traditional industries.

My interest in marketing and brand management continued to develop which in the end influenced me to become a Licentiate Candidate. It also led to my other occupation, being a management consultant focused on brand management. Working professionally with strategic brand management is something that I have been doing simultaneously with my research during the last years, and something that has been necessary in order to get insight from the “black box”. My practical branding consultancy experiences started in 2004 when I worked at Erich Joachimsthaler’s consultant company in Munich, and is something that has continued in Stockholm where I continued to work within this field, but now for Nordic based consultancy agencies.

The combination of being both a researcher and on the inside is, as a research method, nothing new. In medicine for example, using a clinical re-
search approach has become very common and almost somewhat of an imperative. Working close to some of the world’s biggest companies, is something that has affected my choice of subject and my research approach. However, the difference between what is referred to as participative action research (PAR), or being a “reflective practitioner” (Normann, 1975; Gummesson, 1991a; Schön, 1983; Wadsworth, 2001), and my research set-up, is that this research only utilises my practical experience as an influence and a guiding framework. In other words, none of the empirical cases relates to my work as a brand consultant.

My pre-understanding

This research process officially started during the fall of 2003 when I was accepted as a research student at Stockholm University School of Business. However, the research process was initiated several years earlier, or more precisely in 1997, when I started my own distribution company, Filipsson Trading (FT), importing and introducing American lifestyle brands such as “Teton Gravity Research”, “Ascension” (now Black Diamond) and “Leedom Helmets” into the European market. At this time the concept of branding was relatively unknown for me but I started to get more and more interested in the subject of marketing and especially in how one could work and use the strength of non-traditional marketing methods such as word-of-mouth, sponsoring and grassroots program. While building FT and the growing number of brands that it carried in its portfolio, I also started to study business administration at Stockholm University School of Business. This meant that between attending classes and writing exams I also visited stores and ski-resorts all over Scandinavia, exhibitions and brand owners in Europe, U.S. as well as building a Nordic team of young and progressive athletes. When I took my Master of Science in Business Administration and Economics, I had both finished University and built (together with a colleague) a well-established company with offices both in Stockholm as well as in Kittelfjäll (a small ski resort up in the north of Sweden). The focus of the company had also switched from mainly working with distribution into working more and more with sponsoring and event marketing, both with its own brands but also with larger clients like; Hewlett Packard, Nokia N-Gage, Peak Performance and Red Bull.

The academic work has always gone hand-in-hand with the practical experience which has also been the case with my bachelor’s thesis (covering the area of sponsoring towards youth) and the master thesis (covering the subject of brand extension). As I finished University, I had no thoughts of continuing my studies into a Doctoral-program. My master’s thesis was awarded with “Gold thesis 2001/2002” by Stockholm University School of Business and considerable sections of the thesis were used in the book “Af-färsvideckling genom varumäket: Brand Extension” written by Henrik Uggla
(2002). It was also Henrik who introduced me to the idea of doing a PhD, by continuing the work commenced in my master’s thesis – at least that was the original idea.

When applying for the research program (in the fall of 2003), I did not do so by myself. My dear friend and student college, Fredrik Ribbing from International Business Academy (IBA), also applied. We were both accepted and started together with the idea of further developing our master’s thesis on brand extension, writing the base of our individual dissertations together, something which we also did during the first years. After some time as a full-time research student, taking classes, going to seminars and writing on the dissertation, I started to miss the practical interaction that I have had for many years – there was something missing. This lack of practical interaction resulted in that I during the summer of 2004 moved to Munich to work for Vivaldi Partners (a strategy and marketing consulting firm focusing on marketing, branding and innovation) as a brand consultant. The time in Munich was demanding but also one of the most rewarding times of my life, working closely to some of the largest companies in the world – learning directly from brand icons such as Erich Joachimsthaler and David A. Aaker. Back in Stockholm during 2005, I continued my academic studies while working as a freelancer for companies such as MTV Nordic and Nordic Brand Academy. This was a perfect set-up except for the financial situation, which was one reason to why I started working for Differ, a Sweden based management consultancy company focused on branding. The other main reason to come back as a brand consultant was that I missed the close contact to the market and the insight of their problems and way of looking at things. However, the downside of working as a management consultant was that there was no time over to work on my dissertation. The solution for this dilemma was to start working for another Sweden based consultancy firm called Essen International, where I worked part time as a consultant and part time as a research student. I have really enjoyed this set-up and the mix of working as a brand consultant, with real case problems, and at the same time have the time to look further into academic dilemmas.

In summary, my research process has been everything but a straight line, taking several years to go through. However, I am glad that I continued this journey which not only has given me a deeper insight into branding, but also given me the opportunity to meet many interesting people of which many have become very good friends.
Empirical cases: an introduction

Bang & Olufsen

Introduction
Bang & Olufsen (B&O) is a Danish company founded in 1925 by Peter Bang and Svend Olufsen that designs and manufactures premium audio products, television sets, and telephones. The base of the company lies in the principle of “honest music reproduction” meaning that the music you experience through their sets and speakers should reach your ears uninfluenced by the limitations of technology. Moreover, products by B&O are intended to reflect cutting edge industrial design both in appearance, function and operation. Their approach to product development focuses on both tradition and constant renewal, always with a mindset never to forget that technology should work for people, not the other way around. In comparison to its competitors, B&O differ in the sense that it often has a unique appearance, unconventional solutions and a simple user-interface. It is also, with a few exceptions, only sold in exclusive B&O-stores instead of larger retail chains, and often at a price much higher than the industry average. The core competence is according to themselves; sound and picture.

Portfolio
B&O uses “Beo” nomenclature for most of its products and has done so for a long time. Today’s portfolio consists of; Audio (BeoCenter and BeoSound), Video (BeoCenter, BeoSystem, BeoVision), Loudspeakers (BeoLab, BeoVox), Telephones (BeoCom), Digital Media (BeoMedia, BeoLab, BeoPlayer, BeoPort), Home Integration (BeoLink, BeoLiving) and Car Audio (Sound System, Advanced Sound System). However, there are also other products which are sold under other name than the Beo-brand, products such as the mobile phone; Serena and Serenata or the A8 Earphones.

Brand leverage initiatives
Besides offering consumer products under the Beo-name, B&O also operates a facility for high-precision aluminium manufacturing as well as B&O ICE-power A/S, a company who develop, market and sell powerful amplifier technology. Moreover, B&O has over time had several collaborations with companies such as; Philips and Ericsson, and are currently working with Samsung producing the mobile phones “Serene” and “Serenata”. In addition to this, B&O also produces a unique motorised audio system, which is available in several Audi models, offer special solutions to hotels, as well as tailor-made solutions to various property developments and private installations.
Adidas Nordic

Introduction
Adidas is a German company founded by the both Dassler brothers; Adolf "Adi" Dassler and Rudolf Dassler, who started the Dassler Brothers Shoe Factory in 1924. However, the brothers did not get on well, and in 1948 they split up, with Rudi forming Puma, and Adi forming Adidas. Today, the Adidas brand is one of the largest sportswear and athletic shoe manufacturer in the world and part of the Adidas Group, which also includes strong consumer brands such as; Reebok (RBK Hockey, CCM and Rockport) and TaylorMade. All brands in the portfolio have their own distinct identity and are positioned to meet the needs of a specific segment within the sport goods market. However, they are all built on the same passion for sports and sporty lifestyle. The Adidas brand is about supporting athletes in all sports, and to provide athletes with the best possible equipment to optimize their performance. A philosophy originated from the brand founders whose passion for sport inspired them to develop innovative sport products and create new sport categories. However, product and marketing initiatives within Adidas are today primarily focusing on five categories; running, football, basketball, training and Originals.

Brand portfolio
The Adidas brand is divided into two separate divisions that reflect two distinct market segments. (1) Sport Performance works to equip athletes in almost every sport category, though it focus on a few key categories as described above. (2) Sport Style is, on the other hand, a supplier of authentic sport lifestyle products sold under the Originals brand. In addition to this, the Sport Style division also offers the Y3-collection of cutting-edge sport fashion products, a collaboration between Adidas and the Japanese designer Yohji Yamamoto.

Brand leverage initiatives
Over the years there has been a development of the Adidas brand, which is now offering a wide range of athletic shoes, sportswear as well as lifestyle and fashion orientated products. Besides sportswear and sport goods sold under the Adidas name, the company is also involved in a large number of collaborations with a wide range of partners. A few examples are; the partnership with Stella McCartney (Adidas by Stella McCartney) or Missy Elliot (Respect M.E.), the denim jeans collaboration with Diesel, the launch of the sport phone F110 with Samsung, the collaboration with Goodyear or the “End-To-End-Project” with seven graffiti artists. Not to mention the many sponsoring activities with top football clubs such as Bayern Munich and Real Madrid, and the sponsorship of the 2008 Summer Olympics in Beijing, China.
Introduction
W. L. Gore & Associates (GORE) is an American company founded in 1958, who is engaged in manufacturing of advanced technology products for several industries including; consumer, aerospace, automotive, chemical processing, medical and healthcare, energy, military, telecommunications and textiles. However, the company is best known for its consumer- and fabric products including; breathable, waterproof, windproof and insulation fabrics. The launch of the revolutionary GORE-TEX® fabric in 1976 changed the view of outerwear introducing the function that garments could be both waterproof and breathable at the same time. This type of innovative solutions is the core of the GORE brand, which has continued on the same path, developing new and innovative products ever since. The aim is always to design products with the highest quality possible, which are revolutionary in their effect – providing best-in-class material, construction, and technologies.

Brand portfolio
The portfolio of GORE's consumer products include a range of branded fabrics sold under the well known GORE-TEX® brand as well as several other types of fabrics and technologies. Besides this, there is also, WINDSTopper®, another very strong consumer brands offering windproof technologies and CrosStech®, who focus on the work wear segment with fire departments and security companies as customers. The company’s consumer product division also manufactures and sells non-fabric products in terms of strings, cast liners, filters and pipe bags products under the brands; Gore Procel, Gore RideOn, Gore InLighten, Elixir, Cleansteam and Canmore.

Brand leverage initiatives
GORE's revolutionary membrane technology has over the years resulted in several new fabrics for a wide range of activities and conditions, with examples such as the family of GORE-TEX®, which has developed into; Performance Shell, Pro Shell, Paclite and Soft Shell. A few other technologies have also been presented with WINDSTOPPER® (windproof) and Airvantage (adjustable insulation) as the most recognised, even though there are many more within the professional work wear segment. All these fabrics and technologies are sold in collaborations with selected partners covering everything from fashion brands as Prada, shoe companies as Ecco and outdoor companies as Peak Performance. Moreover, GORE has during the last years also introduced two different apparel lines under the GORE-brand for biking and running called; GORE Bike Wear and GORE Running Wear.
Peak Performance

Introduction
Peak Performance (Peak) is a Swedish company founded 1986 in the ski resort of Åre, Sweden by several ski enthusiasts and the two top downhill skiers, Stefan Engström and Peter Blom. The idea behind it all was to create a Swedish clothing company founded on a passion for skiing and an interest for good design. A company offering a line of garments designed principally for skiing and outdoor wear. The founders wanted to create both functional and attractive garments for the lifestyle they themselves lived and loved. Peak is currently established in over 18 countries offering what they call “functionally designed sports fashion wear”, referring to clothing and accessories for; skiing, golf, training, outdoor as well as more casual wear. Peak is since 1998 part of IC Companys, which carries other strong consumer brands like; InWear, Jackpot, Tiger of Sweden, Matinique and Cottonfield. Peak is positioned in the high-price segment, targeting active and sporty people, who demand extremely functional products in a unique design, something Peak tends to offer through various products – all under the brand name Peak Performance.

Brand portfolio
The portfolio of Peak has developed from an initial focus on skiing into two clothing segments, both equally important to the company. 1) Active Wear is a collection divided into a number of sport categories: Ski, Golf, Technical Outdoor and Training, which two additional sub categories: Junior and Accessories. 2) Casual Wear is a collection made up of garments worn before, after and in connection with sporting activities. The casual wear collection consists of the following categories; Men, Women and Accessories.

Brand leverage initiatives
From the core of skiing and outdoor clothing, the company has evolved as described above and is today offering a wide range of both functional and more fashionable collections as well as accessories. Besides this, Peak also manufacture and sells; bags, backpacks, eyewear, perfume plus offers limited versions of skis, poles, goggles and helmet in collaboration with Scott. In addition to this, Peak also work with many of the best material suppliers in the world (W. L. Gore & Associates, Schoeller) and extensively work with sponsoring, covering several major events and competitions (Alpine World Championships, King of Style), and a number of people. The selected events have to connect to their products and ideals, which also are the case with the chosen people – symbolise what Peak stands for. These people, called “Friends”, are often engaged in some sporting activity, a photographer, adventurer or other individuals who tests the Peak-products.
Electrolux

Introduction
The Electrolux Group (Electrolux) is a Swedish manufacturer of home appliances and appliances for professional use, selling more than 40 million products to customers in 150 countries every year. The largest markets are in Europe and North America. The company was founded 1910 as Elektromekaniska AB, and changed its name to Electrolux after merging with Lux AB in 1919. Electrolux always put the users first, something that has resulted in a strong focus on innovations that are thoughtfully designed, and based on extensive consumer research in order to meet the “real” needs of consumers and professionals. Electrolux products include; refrigerators, dishwashers, washing machines, vacuum cleaners and cookers, sold under brand like Electrolux, AEG-Electrolux, Zanussi-Electrolux, Husqvarna-Electrolux, Eureka, Volta and Frigidaire among others. Electrolux also sells small household appliances such as; toasters, coffee-makers and mixers.

Brand portfolio
The portfolio of Electrolux is divided into two divisions. (1) Consumer Durables; accounts for 93% of group sales, offering appliances for kitchens, fabric-care (laundry) and floor-care (cleaning) under several brands of which the global brand Electrolux represents the majority. (2) Professional Products; accounts for 7% of Group sales and include products for professional users (industrial kitchens, restaurants and laundries). These products are sold under different brands, but the major share of products is sold under the Electrolux brand.

Brand leverage initiatives
Besides broadening the offering within appliances from vacuum cleaners to refrigerators, dishwashers, washing machines and cookers, Electrolux has also extended the offering into smaller household appliances like; toasters, mixers and grills. Moreover, Electrolux have license agreements for several brands in its portfolio. The company is also involved in a number of collaborations spread over several levels of interaction and co-creation. One example is the case when Electrolux worked together with the Australian designer Jeppe Utzon, launching a unique barbeque grill. The company also has a strategic collaboration with Sears, in which Electrolux manufacture Kenmore Appliances. Furthermore, Electrolux sponsor several events such as; Solheim Cup and Sthlm Fashion Week, teams (Luton Town FC), people (Helen Alfredson, golf pro) and other events (Asthma & Allergiåret 2008). In North American, Electrolux collaborate with celebrity spokesperson Kelly Ripa in a recently launched marketing campaign.
Microsoft

Introduction
Microsoft Corporation (Microsoft) is an American global computer technology company founded by Bill Gates and Paul Allen in 1975 who develops, manufactures, licenses, and supports a wide range of software, services, and solutions across many types of computing devices and Internet. Microsoft is probably most known for its best-selling product, the Microsoft Windows operating system, and the Microsoft Office software. However, the company also offers consulting services, video game console and games (Xbox), digital music and entertainment device (Zune), PC games as well as online offerings and information (Windows Live, MSN portals and channels) among others. Microsoft is one of the largest companies in the world with a mission to empower people and businesses to realise their full potential. This is done by delivering new technology that creates new opportunities, greater convenience, and enhance value to people’s lives. The long-term aspiration is to transform the way people work, play, and communicate.

Brand portfolio
The portfolio of Microsoft is divided into three core business divisions. (1) The Platform Products and Services Division includes the Client Group (Windows operating system etc.), the Server andols Group (Microsoft SQL Server; Microsoft Enterprise Services etc.) and the Online Services Group (MapPoint, MSN; TV, Hotmail, Messenger, Music etc.) (2) The Business Division includes the Information Worker Group (Microsoft Office; Word, Access, Excel, Outlook, PowerPoint, Publisher etc.), the Microsoft Business Solutions Group (Microsoft Dynamics) and the Unified Communications Group referring to customer decided solution of how communications and software is delivered, managed, and maintained. (3) The Entertainment and Devices Division includes the Home and Entertainment Group (Microsoft Hardware, Microsoft Game Studios, Xbox, Zune etc.) and the Mobile and Embedded Devices Group (Pocket PC, Smartphone, Windows Mobile etc.).

Brand leverage initiatives
The Microsoft brand has developed from being an operating systems and offering office suites, into something much more diverse, something that are offering everything from cable television (MSNBC), computer hardware products (Microsoft), entertainment products (Xbox) and music products (Zune). This expansion of the brand is carried out both under the Microsoft master brand, with added descriptors, as through individual sub-brands. There is also an expansion within several of the portfolio brands like in the case with MSN-brand which have been extended into; MSN Mobile, MSN Money among others. Furthermore, there are many collaborations and partnerships.
H&M

Introduction
Hennes & Mauritz (H&M) is a Swedish clothing company founded in 1947, who is most known for its inexpensive and fashionable clothing offering. However, for the first 20-years, the company only sold women's clothing (Hennes), which later was expanded into menswear through the acquirement of Mauritz Widforss (Mauritz). H&M has grown rapidly over the years and today has more than 1 500 stores in 28 countries, all based on the same business philosophy which is to give the customer value by offering – fashion and quality at the best price. H&M is targeting everyone with an interest in fashion and the company aim is that customers should be able to find clothes and accessories for every occasion, covering everything from modern basics to high fashion. To attract the customers, there should always be something new happening at H&M, new items, stores being re-designed or new campaigns being launched – H&M should be inviting, exciting and surprising.

Brand portfolio
H&M offers a broad and varied range of collections for; women, men, teenagers and children, collections which are supplemented by matching accessories (including footwear, nightwear, underwear and swimwear) and cosmetics. These concepts are being sold under the H&M brand, through descriptive sub-brands (H&M Young, H&M Sport, H&M Baby, Mama, Modern Classic etc.) or by own labels (L.O.G.G., Divided, &denim, BiB, Our Perfect etc.). Moreover, H&M also runs a chain of stores under the name COS (Collection of Style), complimenting the broad H&M target group who either cannot be reached with H&M products, or who wants to trade up. Furthermore, H&M recently bought the two chain stores Weekday and Monki including brands such as; MTWTFSS, Cheap Monday, Sunday Sun, and will in the end of 2008 introduce H&M Home, offering textiles and home decorating.

Brand leverage initiatives
H&M has broadening its offering, originally targeting women and men with a wide range of collections for different occasions as well as broadened the target group to include both younger kids and young adults. New categories have also been launched such as cosmetic, shoes and accessories as well as future interior decorating and textiles. H&M is also involved in a variety of collaboration like big campaigns such as; Karl Lagerfeld (2004), Viktor & Rolf (2006) and Rei Kawakubo (2008), something being supplemented with smaller campaigns (e.g. Kylie Minogue introducing swimwear 2007). Moreover, H&M also sponsor the two horse riders Malin Baryard-Johnsson and Peder Fredricson as well as used franchising as an establishment strategy when going into the Middle East.
Questionnaire

Introduction:
A. Please briefly describe (company name) industry:
B. How would you describe the term “branding”?
C. How many brands would you say that (company name) have in its brand portfolio?
D. Could you name the most influential and/or most important ones?

Case specifics
1. How have (company name) used existing brands when launching new products/services and/or other offerings?
   o Please describe the different types of brand extensions that (company name) are involved in (e.g. new products or versions under an existing brand)
   o Please describe the different types of brand collaborations that (company name) are involved in (e.g. linking an existing brands to other brand(s))

The pre-sketched outline is shown to the respondent.
2. Based on the previous described extensions/collaborations and the presented sketch - are there any additional type of brand leverage that (company name) work with and that are missing?
3. How would you correct my sketch and how would you cluster (company name) different extensions and/or collaborations?
4. What are the reasons behind this specific way of clustering and categorising?
5. How do (company name) label the different types of categories?

Movement
6. Is there an interaction between the different categories (not separate strategies) and if so, between with category and how/why?
   o Describe the integration: ex. new things in one category influence and develop other categories etc.
   o Describe the migration: ex. one category is used as a trampoline in order to execute another category

Motivation
7. What motivated (company name) to start working with the different categories?
   o Besides economic growth and increased willingness among customers to try new products

Duration
8. Which of the following five alternatives best describe the different categories in terms of duration on an average?
   A. Very short duration (less than 1 month)
   B. Short-time duration (1-3 months)
   C. Medium-time duration (3 month to a year)
   D. Long time duration (1-3 years)
   E. Very long duration (more than 3 years)
9. Which of the following three alternatives do you feel best describe the evolution of the different categories in terms of duration?
A. It is becoming shorter
B. It is becoming longer
C. There is a two-sided trend (e.g. it is both getting shorter and longer – please describe)

Limitations
10. Is the set-up of the different categories often limited in any of the following aspects?
   o Region: Limited in numbers of countries/markets (launched)
   o Duration: Limited in terms of a short period of time (campaign)
   o Partners: Limited in number of partners (selected partners/distributors)
   o Distribution: Limited in number of stores (selected stores incl. concept stores)
   o Product: Limited only to cover specific product categories
   o Quantity: Limited edition (number of produces units)
11. Are there any other type limitations that you have worked with and that are missing?
12. What are the reasons that (company name) include and work with these forms of limitations?

Integration
These questions only refer to the categories that include different types of brand collaborations.
13. Among (company name) different collaborations, how are the involved brands combined?
Choose one of the following three options for each collaboration category.
   o Physically integrated (one brand cannot be separated from the other - Dell and Intel)
   o Symbolic integrated (two or more brands are used to provide added meaning to the consumer through transfer of their associations (joint promotion, co-advertising, co-packaging, endorsement etc.)
   o There is a mix of the above described ways of integration
This question only refers to the collaboration categories identified as physically integrated.
14. Among which physically integrated collaborations could the involved brands not be bought independently from each other outside the collaboration (e.g. as individual branded products/services)
15. Which of the following three alternatives do you feel best describe the trend of the different brand collaboration categories?
   o They become more physically integrated
   o They become more symbolic integrated
   o There is a trend towards two separate tendencies – more physical and more symbolic

The future
16. How would you describe the future for (company name) in terms of brand leverage:
- Is there more of any type of extension/collaborations?
- Is there less of any type of extension/collaborations?

17. How do you think that the future within brand leverage will look like?
- What are the future in terms of concepts and strategies?
Pre-sketches: brand leverage map

Bang & Olufsen

Adidas Nordic
W. L. Gore & Associates

Performance Shell:
- 3 Layer Laminate
- 2 Layer Laminate

Soft Shell

Paclite

XCR

New Technologies
- Windstopper: Soft Shell, N2S
- Professional: X-Trafit, Chempak, CrossTech, Heli, Airlock, Antistatic
- Other Products: RideOn, Elixir Cable, Elixir Strings, InLighten, Proof, Cleanstream, Canmore

Avantage

Arvantage

Sports Apparel
- Gore Bike Wear
- Gore Running Wear

Collaborations
- Material Partner: Outdoor - North Face, Hestra, Etc.
- Sponsoring: Sailing, Etc.
- Partnership: Runner's World Running Apparel

Peak Performance

Clothing
- Activewear:
  - Ski
  - Golf
  - Outdoor
- Sportswear:
  - Before
  - During
  - After
- Accessories

New Categories
- Bags
- Eyewear
- Perfume
- Skincare

Collaboration
- Supplier: W. L. Gore, Schoeller, DuPont, Polartec, Etc.
- Sponsoring: Events, Ski Films, Etc.
- Partner: Pinc House, Etc.
- Friend: Golf Team, Ski Team, People, Photographer
## H&M

<table>
<thead>
<tr>
<th>OTHER</th>
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<th>Collaboration</th>
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### Clothing
- Woman
  - Man
  - Kids
  - Babies
  - Children
  - Young
- Men
- Children
- Young

### New Categories
- H&M Home
- Cosmetic
  - Make-up
  - Skin care
  - Body care
  - Etc.
- Accessories
  - Bags
  - Nightwear
  - Jewellery
  - Underwear
  - Footwear
- Footwear
  - Woman
  - Man
- Designers & Icons
  - Karl Lagerfeld
  - Stella McCartney
  - Viktor & Rolf
  - Madonna
  - Roberto Cavalli
  - Kylie Minogue
  - Rei Kawakubo
- Horse riding:
  - Malin Baryard-Johnsson
  - Peder Fredricson
- Fashion Against Aids
  - Rihanna
  - Jade Jagger
  - Timbaland
  - Ziggy Marley
- Other
  - Maxis (Sims 2)

### Communication
- Campaigns
  - Mads Mikkelsen
  - Peter Stormare
  - Malgosia Bela
  - Steve Buscemi
  - Johnny Depp
  - Etc.

### Licensing
- Franchise:
  - Kuwait
  - Dubai
  - Qatar
  - Egypt

### Sponsoring

### Other
- COS
- Weekday
  - MTWTFSS
  - Cheep
  - Monday
  - Sunday Sun
  - Gonak
- Monki
- Cosmetic
  - Make-up
  - Skin care
  - Body care
  - Etc.
- Footwear
  - Women
  - Men
- Divided
  - Street wear
  - Denim
- Accessories
  - Bags
  - Nightwear
  - Jewellery
  - Underwear
  - Footwear
- Footwear
  - Women
  - Men

### H&M Home
- Kids
- Babies
- Children
- Young

### Weekday
- MTWTFSS
- Cheep
- Monday
- Sunday Sun
- Gonak

### Monki
- COS
- Footwear
- Women
- Men
- Accessories
- Bags
- Nightwear
- Jewellery
- Underwear
- Footwear
- Divided
- Street wear
- Denim
- Accessories
- Bags
- Nightwear
- Jewellery
- Underwear
- Footwear
- Footwear
- Women
- Men
- Fashion Against Aids
- Rihanna
- Jade Jagger
- Timbaland
- Ziggy Marley
- Other
- Maxis (Sims 2)
During the past two decades research has shown that brands are among a company’s most valuable assets. However, in today’s competitive landscape, it is not enough to just create strong brands. The focus lies rather in managing a range of brand leverage strategies within complex brand portfolios. Moreover, the majority of today’s established brand concepts do not represent the reality of contemporary brand management. Instead, they tend to be based on dichotomies and simplifications. In addition, there is a lack of criticism towards many of the established brand concepts resulting in the reduction of brand management to a number of static categories and stagnated definitions—thereby missing out on the analysis of important intersectional issues between the various categories. This book explores the somewhat forgotten area of intersection, investigating the territory in-between brands.

The findings show that conventional brand management models and terminology do not fully explain common marketplace strategies and practice. As a result, this research introduces a more realistic viewpoint and dynamic framework that is based on convergence and that allows migration and iteration rather than today’s static approach. The framework, named the brand leverage palette, introduces various nuances between different leverage strategies, both adding clarity and offering guidance by explaining different migration movements among today’s brand portfolios.