What is sub branding? Breaking down brand architecture

Category: Branding
written by Stewart Hodgson | 12 May 2019
No matter what kind of company you run, there's a good chance that you hope to one day grow bigger, more profitable, and more competitive.

However, though growth is a powerful thing for a business, it also brings new questions to answer about how you plan on structuring your new brand "house." Will you build out with new identities that connect to a universal "parent" brand, or create a variety of smaller, disconnected entities, each with their own distinct personality?

The more your organisation develops, the more you'll need to think about sub branding, and how it relates to your brand architecture.

Companies with sub brands can benefit from access to a broader range of potential customers, new niches, and more. But, how do you decide whether sub branding is right for you, and more importantly, where can you begin building the foundations for a sustainable brand architecture?

By the time you're finished reading this article, you'll have the all-encompassing sub brands definition you need to plan the future of an ever-growing and evolving business.

Let's get to work.



Sub brands definition: What is sub branding?

Do you know the difference between an Audi, a Porsche and a Volkswagen?

All these organisations come from the same parent brand, complete with shared parts and engineers. However, the use of sub brands allows Volkswagen (the parent brand) to create deeper connections with specific audiences through a process of careful fragmentation. Similarly, Coca-Cola also uses sub branding with drinks like “Diet Coke” and “Coke Zero” to appeal to a more health-conscious section of their market.

Good sub brands can be either explicitly connected, or only tangentially related to the parent brand. However, in almost all cases, the aim is to provide successful companies with a new way to build stronger bonds with their existing customer base and expand into new revenue streams at the same time.

Sub branding vs. brand fragmentation

To better answer the question, “What is sub branding?” it helps to look at the difference between “fragmenting” a company and simply creating new sub-sections of the same identity. In a standard sub branding strategy, the company shares some fundamental factors of their personality and image with the newly formed entity.

For instance, “diet coke” has brand colours and benefits that are separate from original Coca-Cola, but the tone of voice, typography, and even the values of the organisation remain the same. Customers know that they’re buying a specific “kind” of Coca-Cola. On the other hand, though Fiat Chrysler owns “Jeep” the two auto manufacturing companies have a very different identity.

With standard sub branding, there are various unifying factors that are common within all of the brands created by the same “parent” company, such as the:

- Messaging.
- Colour palette.
- Typography.
- Imagery.
- Marketing campaigns.
- Logo.

However, there’s still some freedom to differentiate each sub brand so that it can resonate more effectively with a target audience. Good sub brands are connected to a very specific niche audience.

Fragmented brands, on the other hand, will only maintain very minimal links between the new and existing identities. Though Toyota made sure that people knew they had created the Lexus when it appeared on the market, the two organisations seem to

live independently of each other.



The benefits of sub brands: Is sub branding right for your business?

The world of business is unpredictable and tumultuous.

As the trends and audiences in your industry begin to change, there's a good chance that you'll find yourself needing to expand, diversify and grow to meet changing expectations. The question is, how do you go about introducing potential sub brands while protecting the identity you've already built for your existing company?

Traditional sub branding is a process that often appeals to companies that have already established a positive representation in their chosen space. By creating a new, smaller sub-section of your existing organisation, you can simultaneously expand into different niches, while relying on your current identity to give your new creation the boost it

needs. After all, it’s much easier to build on an existing entity than to start the brand-building process again from scratch.

Sub branding creates exposure for both the parent and child brands, engaging new and existing audiences while taking advantage of the trust you’ve already spent years building in your chosen field. What’s more, because you’re appealing to very specific customers with your sub brand, you can ensure that your marketing messaging is as targeted as possible – which should lead to better results.

Look at the FedEx brand for instance. The FedEx Corporation designed a series of smaller sub brands in the form of their Trade, Express, Ground, and Freight entities. The result was a more focused approach to marketing and customer service.



Is sub branding always the right move?

Of course, while there are many benefits of sub brands to consider when you’re building out your organisation, it’s

important to remember that this avenue isn’t right for everyone. Companies with sub brands often spend a lot of money on growth. What’s more, there’s a risk that building ventures underneath an existing identity could cause good sub brands to get lost in their parents’ shadow.

There’s also a risk that the benefits of sub brands could be dissolved by problems with the new entity. If your business can’t manage multiple organisations at once, and you end up struggling to give customers the right experience, then bad outcomes could not only harm your new brand identity but your existing reputation too.

For instance, the Virgin brand has achieved a lot of success over the years with sub branding efforts like Virgin Media and Virgin Atlantic. However, Richard Branson has a few failures under his belt too, including things like Virgin Cola and Virgin Bride. This huge corporation is a great insight into the fact that businesses need to understand their company and parent brand if they want to make the most out of the sub branding technique.

How companies with sub brands begin: Brand architecture

Although sub branding is a complex consideration for many businesses, it’s also just one component of a larger concept: brand architecture.

Brand architecture is essentially the “blueprint” of your brand vision, intended to provide corporations with a measurable way to grow their brand portfolio. The architecture you choose for your organisation will help your existing, future, and acquired identities to thrive better in the long-term. What’s more, a well-defined architecture helps to give businesses direction when they’re planning for growth.

To understand how companies approach issues like sub branding and brand architecture, you'll need to understand the three essential levels of branding:

1. Corporate branding

Corporate branding is the fundamental brand building process used by companies that want to use the same strong parent brand to define everything they do. For instance, the "Virgin" brand uses the name "Virgin" in every sub branding effort in their portfolio, so that they can carry their reputation with them to each new creation.

Corporate branding can save businesses a lot of money on marketing and development, because the same messages, tone of voice, and reputation corresponds with each sub brand. The main disadvantage of corporate branding is that it can make it harder for sub organisations to make a name for themselves, as they're always in the shadow of the parent corporation.

Typically, corporate branding is associated with the "Branded House" architecture. This strategy is what happens when a parent brand is closely connected with the sub brands underneath it. When a business creates a branded house, it's easy to see that the sub brand is associated with the parent brand, as both often use the same logo, tone of voice, packaging, and even components of the same name.

2. Endorsed brands and sub brands

Typical sub branding can also fall into the second level of branding. In this area, the corporate brand may be included in creating the new entity, but the organisation can still stand on its own as a separate personality. For instance, Sony PlayStation is a great example of this sub branding option. While it's evident that PlayStation exists underneath Sony's wing, PlayStation also has a life of its own.

Endorsed brands don’t rely as much on the corporate brand for support as a typical sub brand. However, endorsed brands still take advantage of their parent company’s reputation. For instance, Nescafe by Nestle is a good example of companies with sub brands backed by endorsement. Nescafe references Nestle as their overarching corporate brand, but the business still works and grows on its own, with a unique image, tone of voice, and marketing strategy.

For many growing organisations, an endorsed brand, or “hybrid” brand architecture can offer the best of both worlds. While the endorsement gives the company a way to grow faster than if it were being designed from scratch, there’s not as much risk on the parent business if something goes wrong with the sub brand.

3. Individual product brands

Finally, individual product brands take sub branding down to its most basic form. Rather than using elements from an existing company to influence the growth of their new entity, parent companies of individual product brands create something that can stand entirely on its own.

P&G is one of the best examples of an organisation with dozens of individual product brands in its portfolio. The only obvious connection between P&G and companies like Ariel or Crest is their financial link. Each sub brand in the P&G community has its own visual identity, online presence, and unique approach to marketing. The great thing about this strategy is that if one sub brand fails, the rest of the portfolio won’t suffer.

Individual product brands typically exist within a brand architecture approach known as the “House of Brands.” In a house of brands, the parent organisation is responsible for financially managing and organising various un-related sub brands. However, each of the companies in the network are

separate from each other, with no continuous visual or verbal assets. These brands can all appeal to different target audiences, and they typically have their own distinct personalities too.

When sub brands win: What is sub branding good for?

Now that you know what sub branding is, and how these components of your company can support various forms of brand architecture, you're probably wondering how you should use sub branding. Ultimately, there are positives and negatives to every kind of sub brand available to organisations today. While a unified branded house structure can help to strengthen a larger company's brand equity, that equity may begin to suffer if smaller sub brands struggle.

At the same time, while the house of brands eliminates risk, it also means that each smaller organisation within a network must go through the entire brand-building process from scratch, without the support of an existing company's reputation.

When is sub branding a good idea?

Sometimes, to provide your customers with the simplicity they're searching for in a complicated purchasing environment, the best thing you can do is offer a range of products under the same name. For instance, a clothing company named "Threads" doesn't need to create a sub brand if they decide to sell scarves and gloves alongside their selection of winter clothing. However, they may choose to create a sub brand if they move outside products that would typically be associated with their brand name. For instance, there may be a Threads sub brand called "Threads Shoes."

Though sub branding comes in many different forms, most

companies agree that creating a “child company” is an expensive process, that requires significant investment in marketing, SEO, restructuring and more. Because of this, it’s important to make sure that you’re creating your sub brands for the right reasons when you decide to build out your organisation.

Here are just some of the main scenarios where creating a sub brand might be appropriate.

1. You want to connect with a new niche or market

Often, when you begin building your initial “parent” company, you’ll have an idea of your target audience in mind. A strong set of user personas will help you to differentiate your organisation. For instance, a food company might decide to sell exclusively to customers in search of a “luxury” experience, which means that their branding choices would be focused on developing that luxury image.

However, as your venture grows, you might decide to branch out into different segments. For instance, you might want to appeal to luxury foodies who also need gluten-free recipes. The marketing and branding strategies you use for your gluten-free customers may not be the same as the ones you’d use for your parent brand. This is where sub branding begins to happen naturally.

For instance, when Air Canada created the sub-brand “Rouge,” they did so to appeal to customers looking for cheaper flights and new market destinations. The sub brand emerged because adding the new flights to Air Canada’s existing identity would harm the company’s “luxurious” image and confuse their target audience.



2. Satisfying the needs of new customers

Similarly to the point above, as you begin to learn more about your industry and target audience, you might notice new segments of your customer base that you didn't consider before. When this happens, you can either adjust the identity that you've already begun to build with a rebrand or brand refresh campaign, or you can consider sub branding.

For example, Disney would miss out on a lot of potential revenue if they focused on releasing exclusively children's movies. However, adult features promoted under the Disney logo would harm the organisation's reputation of magic and innocence. Fortunately, Disney takes advantage of the benefits of sub brands by using their "Touchstone" child company to release Certified 18 movies. This way, the organisation can grow while keeping the various segments of their audience separate.



3. Challenging industry norms

Finally, sometimes companies want to explore new products and move against industry ideas without defining themselves as challenger brands. When organisations decide that they want to take a specific part of their brand values to the next level, a sub brand can be a fantastic way to do that. Coca-Cola recently released their “Life” lower-calorie version of the original drink, intended to support their approach to a healthier drink.

Unfortunately, the “Life” brand was quickly axed after sales began to nosedive, showing Coca-Cola that their customers might not have been as interested in a healthier version of their product as they thought. Because the “Life” drink was just a sub brand and not a change to the entire product portfolio, Coca-Cola has managed to rally from the failure with relative ease.



Credit: Mike Mozart

Creating good sub brands: How to choose the right path

Sub branding is a valuable way to approach the growth of your company.

Good sub brands aren't just an avenue to new user personas and revenue sources. Used correctly, these creations can help to make a parent brand more appealing too, by giving businesses a way to engage a section of their audience that previously had no interest in the company.

However, the hard work and challenges involved with building an effective range of sub brands means that there needs to be a compelling reason to launch your child company. In other words, you'll need to make sure that the purpose and offering of the organisation that you're creating is fundamentally different to that of your parent company.

If you’re investing in sub branding to create an entity that does something your existing business could do just as easily, then you may be wasting time and money.

Additionally, to make sure that you’re establishing good sub brands, you’ll also need to make sure that you’re taking the right approach to splitting your business. Do you need to make sure that the child company is completely separate from the identity that you’ve already created? Do you want to take advantage of the reputation and trust that you’ve created for your parent organisation? Perhaps you want to endorse your new brand with your corporate company, but keep the two ventures separate?

Here are a few questions to ask yourself when you’re deciding which direction you need to take with your sub branding journey:

- What defines your target audience? Are there specific segments that you can’t serve with the company that you’ve already built?
- What do people expect from your products and services? Would a new creation correspond with the identity that you have in place?
- Do you want your new identity to be associated with your existing one? What are the positives and negatives of keeping the two entities separate?
- Would the new offering created by your company fulfil your existing brand’s vision and purpose?

By answering these questions, you’ll be able to start thinking about how a sub branding strategy would fit with your existing mission as a growing brand. Additionally, you should have the foundations in place to begin developing the brand architecture that will inform any future growth decisions.



How will you build your brand?

Remember, companies with sub brands can accomplish incredible things when they use their strategies correctly. However, effective use of a brand architecture that involves sub brands will require commitment and clarity throughout your entire team.

As your organisation begins to grow, fragment and evolve, you'll need to ensure that your complete organisation knows the details of your company, your brand promise, and your position, as well as how these things relate to your sub brand.

Planning your sub branding strategy carefully and making sure that you know how this entity will be positioned in the world you've begun to create will reduce confusion for both your customers and your employees. The stronger your brand architecture, the more sustainable your organisation becomes.

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