

10.2: Formulating a Global Brand Strategy

Learning Objectives

After reading this section, students should be able to ...

1. outline the elements of brand architecture
2. explain the value of a corporate brand endorsement

To create an effective global brand structure capable of spanning operations in different countries and product lines, companies must clearly define the importance and role of each level of branding (corporate, product division, or product brand level), as well as the interrelation or overlap of branding at each level. They should also determine the appropriate geographic scope for each level relative to the firm's current organizational structure. To be effective, such "architecture" should satisfy three key principles: parsimony, consistency, and connectivity.

Parsimony requires that the brand architecture should incorporate all existing brands, whether developed internally or acquired, and provide a framework for consolidation to reduce the number of brands and strengthen the role of individual brands. Brands that are acquired need to be melded into the existing structure, especially when these brands occupy similar market positions to those of existing brands. When the same or similar products are sold under different brand names or are positioned differently in each country, ways to harmonize these should be examined.

Student Example

PVH Corp. is one of the largest fashion apparel companies in the world. In addition to owning Tommy Hilfiger and Calvin Klein, they also own Heritage Brands. Heritage Brands is the umbrella for the other existing clothing lines like Van Heusen, IZOD, ARROW, Speedo, and more. This allows PVH Corp. to consolidate its additional clothing lines under one main brand, allowing for the individuality of each line as well as a centralized management team. Each line has its own market, but they are all clothing lines and owned by the same company.

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A second important element of brand architecture is its consistency relative to the number and diversity of products and product lines within the company. A balance needs to be struck between the extent to which brand names differentiate product lines or establish a common identity across different products. The development of strong and distinctive brand images for different product lines helps establish their separate identities. Conversely, the use of a common brand name consolidates effort and can produce synergies.

The value of corporate brand endorsement across different products and product lines and at lower levels of the brand hierarchy—a brand's connectivity—also needs to be assessed. The use of corporate brand endorsement as either a name identifier or logo connects the different product brands to the company and helps provide reassurance to customers, distributors, and other value-chain partners. Implemented well, a corporate brand endorsement can integrate and unify different brand identities across national boundaries. At the same time, corporate endorsement of a highly diverse range of product lines can result in dilution of the image. Worse, if one product brand is "damaged," corporate endorsement can spread the resulting negative effects or associations to other brands in the portfolio and create lasting effects across multiple product lines. Thus, both aspects need to be weighed in determining the role of corporate brand endorsement in brand architecture.

Source

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