A taxonomy of brand linkages: the brand-relationship-interaction (BRI) matrix

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Abstract

Brands and the relationships between them are of increasing importance to practitioners and of continued significance to researchers. The environment of increased communication that continues to develop as a result of new and improved technology, together with the increasing use of brand extension, co-branding and other associative techniques and effects, is resulting in an increasingly complicated set of relationships between brands. In this paper we consider various types of brand constellations and propose a four-cell matrix based taxonomy of brand linkages as a contribution to the further understanding of this complex area.

Introduction

In one of the earliest papers to investigate branding, Gardner and Levy (1955) suggested that brands were selected when the clusters of values represented by a brand matched customers' rational and emotional needs, thus enabling them to reinforce and communicate aspects of their personality. While Culliton's (1948) view of the executive as an artist or 'mixer of ingredients' is still generally accepted, there has been considerable discussion of the interpretations by Borden (1964) and McCarthy (1964) that classified the mix into a number of "P"s. Duncan and Moriarty (1998) point out that each of the "new generation marketing approaches - customer-focused, market-driven, outside-in, one-to-one marketing, data-driven marketing, relationship marketing, integrated marketing, and integrated marketing communications…emphasise two-way communication through better listening to customers and the idea that communication before, during and after transactions can build or destroy important brand relationships" (p.1). Yoo, Donthu and Yee (2000) showed that there were strong links between marketing mix elements and brand equity, both positive and negative. Frequent price promotions reduced brand equity, while high advertising spending, price, distribution intensity and good store image were related to high brand equity. Duncan and Moriarty (1998) showed that the increase in interactivity that is made possible by new technology such as the Internet makes communication an even more important element in marketing than it has been in the past. There is evidence that the on-line environment helps a service brand to build dialogue and strengthen the motivation of customers to the service offering (Davis, Buchanan-Oliver and Brodie, 2000) and that control of an on-line brand by its owner is necessarily looser than in traditional environments (de Chernatony, 2001). By this we mean that the increased communication between customers facilitated by the Internet can increase their involvement with a product and allow them to co-produce more value, so that greater transparency, hitherto associated with strong downward pressure on prices, now can be used to advantage.

In this paper we review some aspects of the nature of brand linkages, and propose a taxonomy to assist in understanding the relationships between brands, which we illustrate with examples from both the physical and the Internet worlds.

The complex nature of brand linkages

The way that consumers perceive brands is a key determinant of long-term business-consumer relationships (Fournier, 1998). The term "brand" has been shown to comprise meanings drawn from two distinct sources; firstly the brand identity as codified and communicated by the brand originator, and secondly the brand meanings drawn from the users or consumer environment (Jevons, Gabbott, and de Chernatony, 2001). This division of meaning between originator and consumer has a number of implications, not least the potential for 'drift' between organisationally determined meaning and user perceived meanings, (see de Chernatony and Dall'Olmo Riley [1997]). The drift between owner and user brand meanings is accentuated by communicative or rich environments such as the Internet, and this increases the importance of understanding the forms of linkages between brand meanings.

Understanding how consumers perceive the brand is of course vital to managers. Brand associations can be represented in a number of ways; verbal, visual, other physiological senses (such as taste, smell, sound) and emotional (Supphellen, 2000). A large proportion of consumer brand perception is obtained under low-involvement conditions and is therefore not consciously processed by the consumer's brain (Supphellen, 2000); associations tend to be stored in terms of metaphors and, importantly, they tend to aggregate in clusters. Low and Lamb (2000, p. 360) found that "brand image, perceived quality, and brand attitude are separate and distinct dimensions of brand associations for a variety of brands and product categories, on an overall level", although brand associations for less well-known brands tended to be more unidimensional. From the point of view of the distribution channel, Collins-Dodd and Louviere (1998) found that brand names influenced the probability of independent retailers' listing brand extensions, but that brand names did not influence those retailers' sensitivity to mix elements such as consumer advertising, promotional allowances and wholesale price.

The discussion so far has been of interpretations of meaning of a single brand. However, managers attempt to create and modify brand meaning in the eyes of consumers in a number of ways, for example through brand extensions, which are apparently increasingly popular. Murphy (1997) estimates that 95% of the 16,000 new products launched in the United States every year are brand extensions, which compares with Aaker's (1990) finding that over the period 1977-84, 120-175 totally new brands were introduced to American supermarkets annually, of which approximately 40% each year were actually brand extensions, either stocked or own brand. At its most basic, a brand extension is an attempt to link one product with another by use of a brand. The predictive value of brand names is one of the primary reasons that brand extension strategy is so pervasive; the brand name becomes more than a simple associative prompt and becomes a predictive cue (Janiszewski and van Osselaer, 2000). One of the managerial intentions of brand extension is presumably to link meaning by transferring some positive attitudes of consumers from the pre-existing brand to the newly-introduced one. Although this is intended to be a one-way process, it has recently been shown (Sheinin, 2000) that after experience with a brand extension consumers changed their beliefs and attitudes about parent brands (although more so if the parent brand was unfamiliar than if it were familiar). In the context of the Internet, where brands and the linkages between them are more dynamic, managerial control becomes less predictable in the extension process, since it allows for a two-way process where the original brand can become the recipient of positive attitudes from the extended brand. This adds weight to the recommendation of accepting and building on the inevitability (de Chernatony, 2001) of decreasing managerial control of the brand in a high-communication environment such as the Internet, and shows that the link between brands is clearly a two-way process.

In the context of co-branding, however (defined as pairing two or more branded products to form a separate and unique product) Washburn, Till and Priluck (2000) found that brand equity perceptions by consumers was improved, regardless of whether the co-branding partner is a high or low equity brand, and that their "belief that a high equity brand would be denigrated by its pairing with a low equity brand was not supported". (p.600). Clearly, researchers and managers of brands should take great care in seeking understanding of such transitions, given the different effects of brand extension and co-branding reported in these pieces of research. It is hoped that the taxonomy of brand relationships proposed in this paper will help to provide clarification and definition.

The changing environment

The Internet is magnifying the effects of business intermediaries, the action of interpretation of brands, and the relationship between image and identity. The outcome is that there is more noise, and brands are moderated and mediated more, both by and through the use of the new communication mechanism that is the Internet. In consequence there is a changing relationship between brand image and brand identity, and brand identity and brand reality; customer meaning being a moderating factor. Brand reality is defined as "…organising branding so that employees are uniquely proud of the company's brand leadership and [are] passionately aligned to branding this through activities they work on individually, and in teams…" (Macrae, 1999, p. 2). The concept of brand reality has particular significance in the context of the increased communication power facilitated by the Internet (Jevons and Gabbott, 2000).

Consistency in brand communications is important in building and maintaining a strong brand image, but often a brand's ultimate presentation to customers at the point of purchase is in the control of a retailer domain rather than the manufacturer or brand owner, whether that be on-line or bricks-and-mortar. Buchanan, Simmons and Bickart (1999) found that "context can create conditions in which customers are likely to rely less on previously formed attitudes and more on external cues. Despite the extensive marketing efforts involved in maintaining a high-equity brand's positioning, retailers are able to negate the equity of an established brand through their display decisions. This deterioration of brand equity has obvious implications for the brand in the long run, but it may even influence profitability in the short run." (p. 353). This erosion of brand profitability is a result of retailers leveraging the value of a high-equity brand to create sales for other brands carried in the store as well as for the brand itself; an unwelcome brand linkage from the point of view of the manufacturer but intentional on the part of the retailer.

For a variety of reasons - business activity on the Internet with its increased communication between consumers, the rise of brand extension, co-branding, the increasing importance of brand association and other associative effects - brand constellations are emerging, which further increase the complex relationships between brands and also increase the interference of brand noise through their various structures and intermediaries. In an attempt to conceptualise this, a taxonomy of brand linkages is proposed.

The model

Our proposition is that a four-cell matrix is the simplest way of illustrating the types of relationships involved, and that the defining factors are the nature of the business relationship – whether close or distant – and the linkage between the brands, which is either strong or weak. We ignore gradations on the scales, for the sake of simplicity.

Business relationship in the table is defined as the formality and extent of control of one organisation by another.

Brand linkage is defined as the linkage made by customers between the brands involved.

Business rel'ship / Brand linkage	**Close**	**Distant**
Strong	Interaction supervisory **Cell 1**	Interaction advisory **Cell 2**
Weak	Interaction co-operative **Cell 3**	Interaction transactional **Cell 4**

Figure 1: The brand - relationship - interaction matrix

Cell 1: Brand linkage strong, business relationship close

In this case strong formal control is exerted, often through ownership. Interaction is often supervisory in nature.

Some examples of this type of relationship are:

Families of brands such as business names or SBUs within one organisation, for example the Australian telecommunications provider Telstra and its products Big Pond (Internet service provision) and MobileNet, its mobile phone business.

Brand extensions into different markets - Virgin Megastores, Virgin Atlantic, Virgin Blue are in quite different markets; retailing of recorded music, transatlantic air travel, and Australian domestic air travel are different areas of operation but there is a common theme in Branson's approach to business and hence the Virgin brand.

Factory outlets, where branded products from one manufacturer only are sold, generally in a less glamorous environment than the brand imagery would suggest, are nevertheless an example in this category because the control of the retail experience is entirely in the hands of the brand owner.

Strongly-controlled and supervised franchises such as McDonald’s are examples of where the corporate brand is owned separately from the retailer but there is very strong control of all aspects of product delivery and hence brand equity, often contractually enforceable through a franchise agreement.

Similar arrangements can apply in a non-franchise environment, such as an exclusive retailer not owned by the manufacturer, where a brand is sold exclusively through a retailer using the manufacturer’s brand (Bang and Olufsen; AMP life insurance is sold only by AMP agents.)

An exclusive retailer owned by the manufacturer, such as is increasingly applying in the fuel and motor retailing industries – independently-owned petrol retailers are declining in number in Australia and are being replaced (subject to declining numbers) by company-owned sites. Ford have a global policy of increasing the number of cars sold through company-owned dealerships; 25% of Fords sold in Australia in 2000 were from at least partly-owned dealerships, and there is a stated aim of increasing this to 40% in 2001.

Retailers can sell a closely-defined range of products closely associated with a brand name, although the products come from a range of manufacturers. The link is a common brand, such as in a Manchester United Football Club merchandise store.

Strongly personal services with named (branded) providers working for and hence contributing to a corporate brand - Tracey at Edward Beale hairdressers, Professor X at Y University, David Beckham of Manchester United and England football teams, are examples of the service provider’s professional autonomy providing a distinct and separate identity to the corporate brand, to which it nevertheless contributes. This allows and helps to define the value of the more or less lucrative transfer of an individual person, be he or she footballer, hairdresser or professor, from one employer to another.

Joint ventures and strategic alliances provide examples of classic co-branding, such as individually-branded designers providing interiors for cars, such as Ford and Eddie Bauer in America, and Ford and Carla Zampatti in Australia. The Walt Disney Company, renowned for its tight control over brand image, engages in closely-controlled joint ventures in markets where it does not have distribution strength, such as books. Indeed, the Walt Disney subsidiary that was a majority owner of Toysmart.com, which had advertised the personal information in its customer database for sale to pay creditors as it struggled unsuccessfully to stay in business, paid US$50,000 to have the database destroyed. While it is true that numerous lawsuits had been started to try to preserve the privacy of the list, Disney’s tight control of its image was presumably a factor in the decision. Possibly the tightness of control by Disney may have been a reason for the lack of success of its Internet group. Disney, acknowledging that it would never become an Internet industry leader, announced the closure of its Go.com portal and the merger of Disney Internet Group back into Disney effective March 2001, with the loss of 400 jobs (Gentile, 2001).

Cell 2: Brand linkage strong, business relationship distant

Here control is informal and weaker than when the business relationship is close. Interaction is often advisory, for example, manufacturer provision of a merchandising service to a retailer.

Some examples of this type of relationship are:

Exclusive retail dealerships, such as a well-known retailer taking on a variety of different agencies, for example Geoff Brady, a large Melbourne (Australia) car dealer, has separately-branded but physically adjoining outlets for Holden (General Motors), Mitsubishi, Volkswagen, and Kia.

Computer accredited resellers, where manufacturers such as Hewlett-Packard provide official training and certification. Such certification is not necessarily exclusive and retailers may be accredited by more than one manufacturer.

Sponsorships with naming rights, such as the Ford Australian Open tennis tournament. Interestingly, this multi-million dollar relationship ended in 2001, soon after the tournament decided it would conform with the other Grand Slam tournaments in France, the US and Wimbledon and cease to sell naming rights. Manchester United have a 35 million pound sponsorship deal with Vodaphone, and Chelsea FC announced a three-year, 22 million pound deal with Emirates airline at the end of January 2001, but despite the size of the sums of money involved we assert that the business relationship is distant since neither party intrudes on the other's professional judgement in business or sporting management. Sponsorships without naming rights would fall into Cell 4, weak linkage and distant business relationship.

An approval process on moral or religious grounds, such as censorship classifications or a process such as that of the Catholic Church, which provides a two-stage approval process for books; the first being the "nihil obstat", where a senior member of the Church hierarchy examines the content and decides that there are no theological grounds for refusing publication, and the second being the "imprimatur", a further approval that formally allows the printing and distribution of the text. The official responsible for each process is acknowledged in each copy of the publication.

Strategic alliances such as in the airline market where two groupings are emerging, One World (which includes, inter alia, Qantas, British Airways, Cathay Pacific, and Finnair, see http://www.oneworldalliance.com), and Star Alliance, (which includes, inter alia, United Airlines, Air Canada, All Nippon Airways, Lufthansa, Singapore Airlines, Air New Zealand, and Ansett Australia, see http://www.star-alliance.com). While British Airways owns 49% of Qantas, and there is cross-ownership between Singapore Airlines, Air New Zealand, and Ansett, there is little evidence apparent to the customer that the relationship is other than an alliance based on synergies in market strength and weakness. It would be naïve to suggest, though, that future corporate mergers and acquisitions would not reflect these marketing and branding alliances.

Affinity card schemes, popular in the UK and USA, where a card-issuing bank uses an association with a charity, to which it donates money without control over its activities. The bank leverages the charity’s endorsement to improve its brand positioning (Schlegelmilch and Woodruffe, 1995).

American Express and Qantas have a strong alliance through their “loyalty” card/point system, and American Express Travel Service favours Qantas over Ansett, its domestic competitor.

Visiting distinguished professors in a university are an interesting example of this sort of relationship. The professor has her or his own reputation, and also carries the reputation of the institution that is her or his primary affiliation. The industry works in such a way that the reputation of all those involved is enhanced when the professor takes up a visiting position at another, distant institution for a period of time. The host institution makes a limited financial commitment but the mutual enhancement of brand reputation is great.

Similarly, in a vocationally-oriented business school, sessional tutors with strong industry reputations are paid relatively little but the mutual enhancement of reputation can be great.

Horizontal marketing systems such as banks in supermarkets, where the retailer provides space, security and passing traffic and the bank provides an extra destination for the supermarket, are providing increasingly strong brand linkage with no more than a nominal business relationship.

More temporary alliances, such as individually-branded designers providing interiors for cars, such as Ford and Eddie Bauer in America, and Ford and Carla Zampatti in Australia, and a recent joint campaign in America between Kraft and Nickelodeon, where Kraft sought to increase its appeal with children and Nickelodeon was trying to increase its subscriber base (Samu, Krishnan and Smith, 1999) also fall into this category.

Cell 3: Brand linkage weak, business relationship close

In this category control is strong, either formal or informal, but linkage between the brands is weak. Interaction between the businesses is co-operative, for example joint management seminars and information sharing.

Some examples of this type of relationship are:

Competitors in one industry owned by same organisation: Ford and Volvo, GM and Saab. The new four-wheel drive BMW station wagon is said to have some technical features derived from BMW's brief ownership of Land Rover.

Exclusive suppliers along the value chain: some Nike products are available exclusively in The FootLocker, but neither brand is seen as particularly strongly linked with the other.

Special relationships between supplier and retailer, e.g. Procter and Gamble and Wal-Mart, Dell and its corporate customers. Such knowledge-based partnering provides advantage to both parties but there is little strong brand partnering.

It is interesting to note that there are some potential ethical/disclosure issues raised by the invisible nature of the relationships between the parties involved in the above three examples. The possibility of corruption, either deliberate and formal or coincidental and informal, is real here.

Suppliers of retailers' "own brand" products, where the manufacturer is essentially invisible and the retailer's brand provides the only consumer message.

The common financial and administrative services provided by the back offices of multi-brand car dealers, which fall into Cell 2; the business relationship is very close and strongly controlled but little consumer branding is involved as the value is provided as an internal company service, reducing costs and sharing expertise.

Some franchises use different names in different markets for local or historical reasons, such as AutoNation (America's largest automotive retailer). Interestingly, this organisation is now starting to move towards one brand name for all businesses.

Conglomerate organisations such as the telecommunications company Telstra and Sausage Software; Sausage is a non-exclusive supplier to Telstra, and is now majority-owned by it.

The manufacturers of “plug-ins” for Internet browsers have very strong business relationships with their major customers, Microsoft and Netscape; the businesses of Java, Flash, Shockwave and the like are totally dependent on the browser businesses, but there is little linkage between the brands because the industry has developed in such a way that the suppliers provide versions for both major browsers, and both Microsoft and Netscape allow the plug-in manufacturers access to sensitive technical information to facilitate their work.

Cell 4: Brand linkage weak, business relationship distant

In this case control and interaction is according to market conditions only. Such interaction as there is tends to be transactional, for example sales calls by employees of one business to another and ad hoc alliances.

Any unrelated organisations can provide examples of this relationship, or lack of it, such as health care and credit cards - although bonus loyalty points can be a potential link, as can ad hoc sponsorship deals that do not result in any great publicity (as opposed to sponsorships that include naming rights, for example, which fall into Cell 2).

A slightly stronger link is the opportunistic relationships between businesses in different sectors such as specific arrangements between graduate employment agencies and universities; Qantas, Telstra, ANZ Bank, Mobil petrol, and Visa credit cards that are all linked in the one loyalty points program.

Stronger still, but nevertheless distant, are joint ventures such as FlyBuys, the well-known Australian loyalty card system owned jointly by Shell, the Coles Myer retail group, and National Australia Financial Services; there have been to date very weak, if any, branding linkages between the constituent businesses apart from the FlyBuys venture itself.

Some other examples of this type of relationship are:

Suppliers of goods and services to general retailers - such as a particular brand of milk to a supermarket chain; merchandise not associated with ABC-broadcast programs in ABC shops.

University-based business incubators, where the common factor bringing the businesses together is the size and inexperience of the business and a shared need for infrastructure, and by extension other unrelated retailers physically located close together - shopping complexes under one roof, or traditional High Street shopping strips.

Strongly-branded products sold in a strongly-branded retailer - Country Road product sold through Myer, Louis Vuitton luggage in Harrods, or a well-known author's books being sold through amazon.com.

Third-party products with weak branding sold through a strongly-branded retailer, such as non-Country Road brand merchandise sold in a Country Road store, or a little-known author's book being sold through amazon.com, perhaps as a result of a recommendation by the on-line retailer.

Unwelcome linkages, such as the placement of branded products in a retail establishment to leverage the value of a high-equity brand to create sales of lesser brands, which can occur in bricks-and-mortar environments as well as on-line retailers – "people who bought this book also bought…", which is a feature of amazon.com, is a strong example of this.

Conclusion

We have presented a conceptual synthesis of work on the dynamics of business relationships and the dynamics of brand relationships, with particular attention to new business environments, an area that is becoming more significant with the increasing importance of the Internet as a medium for business and have proposed a taxonomy for better understanding the relationships and linkages between brands.

It will be of critical importance for future researchers and practitioners to understand the increasingly complex variety of factors underlying and influencing the linkages between brands. Future work will concentrate on the operational implications of the taxonomy proposed here.

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