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The three types of brand hierarchy

Corporate, umbrella, and family brands

The highest level of the hierarchy is corporate, family, or umbrella brands. This level uses cohesive and consistent naming and identity structures, ensuring that individual products and services are homogenous throughout the range. The corporate strategy is particularly useful for large parent companies that have many divisions or subsidiaries.

For example, Heinz Cream of Tomato Soup and Heinz Tomato Ketchup both share similar visual branding on their labels. They also feature the corporate brand Heinz in their names, reducing confusion among consumers, and increasing brand equity in the process.

Endorsed brands

Endorsed brands are those that have been endorsed by a parent brand that is either a corporate, umbrella or family brand itself. In theory, the endorsement from the parent brand adds credibility to the endorsed brand in the eyes of consumers. In this approach, products are linked or grouped according to brand identity itself and do not rely on homogeneous naming or aesthetics.

For example, parent company Microsoft lend its brand identity and credibility to Office, Xbox, Windows, and Bing. But each endorsed brand in isolation is distinct in the sense that it is not immediately recognizable as being owned by Microsoft.

Individual

Individual brands are consumer-facing brands where no explicit link between the product and its parent brand is promoted. In many cases, there is also no link between individual brands themselves.

This is a common occurrence when parent brands acquire smaller brands with high equity among consumers. Here, the parent brand is irrelevant and often detrimental to brand equity compared to the individual products it takes ownership of.

Coca-Cola uses this strategy to their advantage, having acquired brands such as Fanta, Sprite, and Dasani that were successful in their own right. Those who are motivated to do so can discover the connection of these brands to The Coca-Cola Company, but they nevertheless continue to exist in original, recognizable forms.

Benefits of incorporating brand hierarchy strategy

- **Reduces customer confusion.** Businesses offering a line of unrelated products confuse consumers as to the brand they are trying to create and convey. Establishing a proper brand hierarchy lessens this confusion, establishes consistency, and leads to increased brand equity.

- **Reduces competition.** In some cases, sub-products achieve such popularity with consumers that the weaker core brand loses popularity. Brand hierarchy strategies focus on strengthening the primary brand so that products under its "umbrella" do not compete with or undermine each other.

- **Provides clarity.** When brands are visually or otherwise segregated with a hierarchy, it allows businesses to develop a marketing strategy for each. Since each brand will have its own target audience and brand story, clarity reduces the chances of brand dilution or improper messaging.