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The interplay between brand and business model architectures: a conceptual grid

Marc Logman*

*Marketing Department, KU Leuven, Leuven, Belgium and Marketing and Strategy Department, Hasselt University, Diepenbeek, Belgium

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Abstract:

This conceptual paper studies how brand and business model architectures interact. Confronting the literature on brand and business model architectures, a ‘problematizing review’ perspective is taken in this article. To develop the conceptual framework, a cyclical process of theory generation based on a literature review and empirical evidence is used. Various interaction options between a brand and business model architecture are discussed in detail and illustrated with practical examples. The conceptual grid allows positioning each brand and business model architectural move in a coherent way, emphasizing the alignment challenges of each positioning option. This study also sheds another light on ‘dynamic capabilities’, as companies not only need to mix, remix and orchestrate business model architecture decisions, but at the same time align these decisions with brand architecture decisions. By confronting and integrating two research domains, a novel higher-order theoretical perspective is obtained. In this sense it contributes to a management school of thought that is more integrative and deals better with today’s more complex and dynamic reality, in which business model and brand decisions cannot be taken independently.

Keywords: Business modeling, Brand architecture, Brand associations, Integrative thinking, Growth matrix, Dynamic capabilities

1 Thanks for the constructive comments of the anonymous reviewers of Marketing Intelligence and Planning
Introduction

In today’s rapidly changing business environment, brands and the business models behind them are expected to be adaptable, agile, and flexible (Nyström and Mustonen, 2017). In this context many companies are adjusting their existing brands, launching new endorsed or sub-brands and/or innovating the business models behind these brands (Spieth et al., 2019). Challenges like for instance sustainability and digitalization demand ‘dynamic capabilities’, both in terms of business modeling as in brand management. According to Teece (2010, 2018) dynamic capabilities are the firm's ability to integrate, build, and reconfigure internal competences to address, or in some cases to bring about changes in the business environment. As he states: “The strength of a firm's dynamic capabilities is vital in many ways to its ability to maintain profitability over the long term, including the ability to design and adjust business models”. In particular, these dynamic capabilities are about mixing, remixing and orchestrating business model components or elements into business models”. Modifying one business model component or sub-component may create contradictions with other components and hence jeopardize dynamic consistency (Doz and Kosonen, 2010).

Dynamic capabilities have also been found to be important in brand management. For instance Brodie et al. (2017) argue that the integrative branding process, where a marketing agent partly orchestrates and facilitates activities around a brand, involves a a dynamic capability. Some authors even claim that brand management should be perceived as a core competence and an integral part of a firm’s business model (Alnawas and Abu Farha, 2020; Lee et al., 2019).

As companies develop these dynamic capabilities in business modeling and brand management, they must also decide on what changes in brand and business model architectures are most appropriate. A brand architecture determines which brand elements can
be applied across all existing and new products and services (Keller and Swaminathan, 2019, p. 426), while the business model architecture behind the brand indicates what elements of a business model can be used or shared across products and services.

Although the importance of analyzing interactions between business model components has been emphasized by both academics and practitioners (Achtenhagen, *et al*., 2013; Demil and Lecocq, 2010; Foss and Saebi, 2017; Leischnig *et al*., 2017; Tower and Noble, 2017; Velu and Stiles, 2013; Wirtz, *et al*., 2016), current literature lacks an ‘in depth study’ on how business model architecture decisions interact with brand architecture decisions. To fill this research gap, we take a more integrative and problematizing perspective on the literature, complemented by empirical evidence about business model and brand architecture decisions. Taking such an integrative perspective on two research domains, can reveal new theoretical and practical insights, as Brexendorf *et al*., (2015) for instance show in their study on the interplay between brand and innovation management.

In the next section we will first describe the methodology that is used in this article. Based on a literature review and empirical evidence, a conceptual grid is developed that shows various interaction options between a brand and business model architecture. The article ends with the key-take aways.

**Methodology**

Before analyzing the ‘interaction’ between business model and brand architecture decisions, we discuss the main research concepts and managerial options of both decisions separately. We then confront the two architectural decisions by taking a ‘problematizing review’ perspective. As Alvesson and Sandberg (2020) state: “the primary aim of the problematizing review is to re-evaluate existing understandings of phenomena, with a particular view to
challenging and reimagining our current ways of thinking about them”. By confronting and integrating different research domains, a novel higher-order theoretical perspective can be obtained (Jaakkloa, 2020; MacInnis, 2011). In this article, this confrontation led to a conceptual framework in which both business model and brand architecture decisions are integrated. To develop the conceptual framework, a cyclical process of theory generation based on a literature review and empirical evidence was used. As Cepeda and Martin (2005) state: “The reflection stage ends when the conceptual framework is either challenged and confirmed or revised and updated to include learning gained through this research cycle.”

A problematizing review perspective demands a more critical/selective literature review. As Alvesson and Sandberg (2020) state: “It emphasizes fewer readings of a large number of studies, and more concentration on coming up with new and unexpected insights”. Or as Snyder (2019) formulates: “a critical review approach can be useful when the purpose of the review is not to cover all articles ever published on the topic but rather to combine perspectives to create new theoretical models”. As the research focus of this article is on the interplay between business model and brand architecture decisions, we mainly selected academic articles in which one of these two research domains was prevalent and/or in which at the same time the other research domain was explicitly or implicitly discussed as well.

For the empirical evidence we mainly searched for brands that have been dealing with and reporting about both important brand and business model challenges, and for which a good collection of secondary data already existed.

This led to a selection of brands like:

- IKEA, that is evolving from ‘a low price/shopping/bringing it to home/assembling’ to ‘new forms of convenience and experience’
- Magnum, that is evolving from ‘an ice cream brand’ to a ‘pleasure seeking/fashion oriented brand’

- Airbnb, that is evolving from ‘an home-sharing brand’ to an ‘end-to-end travel platform and online travel agency of various home and hotel types (with increased quality standards)’

- LEGO, that is facing sustainability challenges

- Fashion and luxury companies that are adopting new business models like see now-by now and social commerce models

New data collection/empirical evidence progressed in line with the theory building process (Eisenhardt and Graebner, 2007; Yin, 2014). As Vargo and Koskela-Huotari (2020) state, illustrative cases that contextualize, exemplify and motivate conceptual contributions, are very powerful, as the level of theoretical abstraction increases.

The validity of this qualitative and conceptual research was increased by means of data triangulation, combining multiple types of secondary data (Guion, 2011; Verleye 2019). In particular, we relied upon information from business news magazines, websites, blogs, as well as company’s annual reports and transcripts of investor presentations that were published online (public). Systematic interpretation of the data and constant comparison of multiple data sources dealing with the same themes or issues about the company, also increased the reliability of the empirical findings. For each case, the most recent information was collected from public online sources, to make sure the information used was not outdated.
Key theoretical concepts and managerial options in brand and business model architectures

Before studying the interaction between the brand and business model architectures, we first describe the most important theoretical concepts and managerial options in both architectures separately.

**Brand architecture**

A firm’s brand architecture is its collection of brands and their interrelationships, as reflected in its brand portfolio and hierarchy (Brandão et al., 2020; Keller and Swaminathan, 2019, Ch. 12). The brand portfolio is the set of different brands that a particular firm offers for sale to buyers. The brand hierarchy displays the number and nature of common and distinctive brand components across the firm’s set of brands. In particular, Keller and Swaminathan (2019, p. 426) state that: “The brand architecture determines which brand elements they apply to their new and existing products and services”. There are different brand architecture options. A house of brand architecture means that a firm relies upon various independent (unique) brands for various products, without reference to the parent (corporate or SBU) brand. A branded house architecture means that a firm relies upon a single parent brand for all its products. Other companies link individual brands with their own brand identity to the parent/corporate brand, by using for instance endorsed brands (e.g., Courtyard by Marriott) or sub-brands (e.g., Microsoft Xbox) (Palmatier and Sridhar, 2017, p. 158-159). In practice, various brand architecture options may be combined, leading to a hybrid brand architecture. Amazon for instance uses sub-brands like Amazon Prime, endorsed brands like Audible and stand-alone acquired brands like Twitch.

A brand architecture strategy should allow to identify brand (re)positioning, rebranding, and brand extension opportunities (Keller and Swaminathan, 2019, p. 426). Brand repositioning
implies that changes are made to ‘intended’ brand associations (Roy and Sarkar, 2015).

Repositioning can be made visible by rebranding, in which the visual brand identity (brand name/logo) is changed as well. In practice, changes that allow growth, but at the same time preserve core associations of the brand, are often preferred (Beverland 2005; Perra et al., 2017; Spiggle et al., 2012; Urde, 2009, 2016). Brand managers exhibit considerable effort in defining these intended brand associations that together with brand awareness make up brand equity (Keller, 2003; Aaker, 2012; Kapferer, 2008; Koll and von Wallpach, 2014; Vriens et al., 2019). The multidimensional nature of brand equity has been explored to a large extent in the academic literature (Davcik et al., 2015; Högström et al., 2015; Lee et al., 2017; Logman, 2004, 2007, 2018; Nguyen et al., 2015; Schultz, 2016; Veloutsou and Guzmán, 2017).

Besides typical primary brand associations that are directly linked to a brand such as attributes, benefits or a certain lifestyle, a brand may be indirectly linked with other brand related aspects such as the country of origin, celebrities/endorsers, or events as well, leading to so called secondary brand associations (Keller, 1993; Bergkvist and Taylor, 2016). For a firm it is also important to evaluate the ‘stretchability’ or extension potential of a parent brand, allowing it to use the same brand, a sub-brand or endorsed brand in a new product category or to stretch the brand downward or upward to lower or higher quality/price levels (Ahluwalia, 2008; Keller and Swanimathan, 2019, p. 431; Miniard et al., 2018; Palmatier and Sridhar, 2017, p. 160).

**Business model architecture**

As Teece (2010) states: “Whenever a business enterprise is established, it either explicitly or implicitly employs a particular business model that describes the design or architecture of the value creation, delivery, and capture mechanisms it employs”.


In particular, a business model architecture refers to a firm’s business model portfolio, the components within a business model and their interrelationship (Beckett and Dalrymple, 2019; Sachsenhofer, 2016). A business model consists of various components such as the market segments that should be targeted, the value of the products/services to the customer, the value captured by the company, channels, customer relationships, key resources, key activities, and partnerships (Aspara et al., 2011; Danneels, 2002; Johnson et al., 2008; Osterwalder and Pigneur, 2010; Ritter and Lettl, 2018; Shafer et al., 2005; Teece, 2010; Wirtz et al., 2016).

Changes to an existing business model may lead to an adjusted, renewed, or completely new business model. A more popular term is business model innovation, that can range from incremental to radical changes to the business model components and its interrelationships (Foss and Saebi, 2017; Johnson et al., 2008; Robertson, 2017; Sinfield et al., 2012; Taran et al., 2015). If a business model innovation still relies to a large extent upon the existing business model, only changing some existing components, we can denote this as an ‘adjusted’ existing business model. If new business model components or layers are added, this is referred to as a ‘renewed’ existing business model. If multiple new components or layers are added that cannot be integrated in the existing business model and demand a separate model, this is referred to as a ‘new’ business model. Instead of one ‘overall’ renewed or new business model, various stand-alone business models may be combined (Aversa et al., 2017; Cao et al., 2018; Foss and Saebi, 2018; Hacklin, et al., 2018; Saebi et al., 2017). Using multiple business models at the same time increases complexity. Companies can combine new and existing business models by separating or integrating them. This can be done immediately or gradually over time (Markides and Charitou, 2004; Winterhalter et al., 2016). Snihur and Tarzijan (2018) state in this context that the complexity of an integrated business model portfolio will be lower when stand-alone business models still rely upon some common
business model components. Repeatable business models or at least repeatable business model components over time, are often preferred in practice (Bertels et al., 2015; Zook, 2004, 2015; Zook and Allen, 2011).

**Confronting the brand architecture with the business model architecture: Towards a new conceptual framework**

Confronting a company’s brand architecture with the business model architecture allows the company to evaluate whether brand and business model strategies are well aligned. Based on a problematizing literature review and empirical evidence (*cf. supra*: methodology) a matrix is developed that confronts the various options (see Table I). The table summarizes the main ideas and challenges of the various cells of the confrontation matrix, as well as the articles used for theoretical support and the cases used as empirical evidence. Subsequently, we will discuss these insights in more detail.

Various key business model components like distribution and communication channels, key resources, key activities, and key partnerships of a business model affect brand equity (Voigt et al., 2017, p.48). Moreover, defining a brand identity with clear intended brand associations may serve as the anchor around which all components of a business model can be aligned, both in a B2C context (see e.g. Åsberg and Uggl, 2019; Botschen and Wegerer, 2017; Zott and Amit, 2008) as in a B2B context (see e.g., Hirvonen et al., 2016; Kim and Cavusgil, 2009). For instance, the fast-fashion business model of apparel brands like H&M and Zara is directly related to the brands’ intended associations in consumers’ minds, such as ‘quick response’, ‘frequent changes, and ‘fashionable designs’ ‘at affordable prices’ (Caro and Martínez-de-Albéniz, 2015; Interbrand, 2019; Jin et al., 2012). But current business practice also shows that in pursuing brand associations, the existing business model behind the brand
may be under extreme pressure. In this context, Casadesus-Masanell and Ricart (2010) give the example of Ryanair. As its sales volume increases (because of its low fares), its bargaining power with its suppliers (airport authorities, Boeing, Airbus, etc.) grows as well, resulting in improvements to Ryanair’s overall cost advantage, which is one of its core brand associations (being a low-cost carrier). On the other hand, Ryanair faces another side of pursuing cost excellence, such as the excessive impact on its key resources and activities, leading for instance to personnel complaints and strikes and showing that there may be limits for the business model behind the brand (Logman, 2013). Another example that clearly illustrates this tension between existing brand associations and the business model behind the brand is ‘Zalando’. Free shipping and return policies have always been an important aspect of the convenience the brand wants to be associated with. Customers can order various items, try them out in the comfort of their own homes and only keep and pay for what they really like. But Zalando has also experienced the negative side of its return and free shipping policy, that of being too costly for the company. The average return rate is about 50 percent. Therefore, Zalando recently started cutting back the free shipping policy for small orders in some countries. Moreover, to reduce the number of unnecessary returns, often due to reasons such as the wrong size or not experiencing it as it was presented, Zalando has taken some measures, ranging from 360° views to fitting tools and size recommendations. These recommendations are based on data from previous customer purchases and data collected with the help of so-called fitting models (Zalando, 2019a). At the same time Zalando is trying to disconnect with the opportunistic ‘wardrobing’ segment, consisting of consumers, wearing an outfit for one or more events, and then sending it back. By launching an oversized tag people are prevented from this wardrobing behavior. Returns are only accepted if the tag is still attached. All these changes have led to an ‘adjusted’ business model. Brands may also be forced to reposition themselves due to the changing marketing environment. Repositioning
can consist of changing/renewing existing associations, incorporating completely new associations, and/or omitting existing associations (Avery, 2012; Gaustad et al., 2019; Muzellec and Lambkin, 2006; Marques et al.; 2020; Zhao et al., 2018). But sometimes, new brand associations may spontaneously emerge, as the business model behind the brand is optimized. In case of Zalando, reducing the number of returns has a positive side-effect on its ‘sustainability’ image (in terms of eco-friendliness), as fewer returns mean less extra packaging for each shipment and less transport. Besides reducing the returns itself, reducing the travel distance to drop-off points for returns and using recycled paper bags for shipping contribute to Zalando’s sustainability strategy as well (Zalando, 2021a,b).

But for some brands, new intended brand associations, such as sustainability, may be hard to integrate within the existing business model and hard to combine with existing brand associations. For instance, although fast-fashion brands have been launching eco-friendly collections, many of them have already been associated with greenwashing. For other companies, the existing products and business model may prevent the integration of sustainability in short term and/or on a big scale. LEGO for instance wants to eliminate its dependence on petroleum-based plastics and build its toys entirely from plant-based or recycled materials by 2030, as sustainability becomes an important layer in its business model (Reed, 2018). But it is not easy to build a sustainable LEGO brick that maintains the existing product qualities and brand associations, such as bricks clicking together and separating easily, as well as retaining its bright colors. Finding bioplastic raw materials that can combine all these characteristics is the key challenge for LEGO. In the meanwhile, LEGO is testing recycled PET bricks from discarded plastic drinks bottles (Milne, 2021a).
**Table I: Strategic options in aligning business model and brand architecture decisions**

<table>
<thead>
<tr>
<th>Changes in a branded house (parent/master brand) architecture</th>
<th>(Adjusted) existing parent/master business model</th>
<th>Renewed existing business model (adding new business model components/layers)</th>
<th>New stand-alone business models</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aligning the existing business model with existing and new intended brand associations (repositioning).</td>
<td>Using a multi-layer business model approach in which each added component/layer to the existing business model corresponds to a new intended brand association (repositioning) that must align with brand heritage/existing brand associations (including stretching the brand to new products or services under the parent brand name).</td>
<td>Stretching the brand to new stand-alone business models, using existing brand associations as anchors for developing stand-alone business models with new intended brand associations (repositioning as a separate business unit or business).</td>
<td></td>
</tr>
<tr>
<td>Theoretical support: Åsberg and Uggla, 2019; Botschen and Wegerer, 2017; Caro and Martínez-de-Albéniz, 2015; Casadesus-Masanell and Ricart, 2010; Hirvonen et al., 2016; Jin et al., 2012; Kim and Cavusgil, 2009; Logman, 2013; Voigt et al., 2017; Zott and Amit, 2008.</td>
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<tr>
<td>Examples of alignment: fast-fashion brand associations and corresponding business models (Zara, H&amp;M etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Examples of misalignment or serious alignment challenges: Ryanair facing other side of pursuing cost excellence, Zalando facing other side of free shipping and returns, greenwashing by fast-fashion brands; Lego going for sustainability, while keeping existing qualities of the bricks</td>
<td></td>
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</table>

**Theoretical support:**

- Åsberg and Uggla, 2019; Botschen and Wegerer, 2017; Caro and Martínez-de-Albéniz, 2015; Casadesus-Masanell and Ricart, 2010; Hirvonen et al., 2016; Jin et al., 2012; Kim and Cavusgil, 2009; Logman, 2013; Voigt et al., 2017; Zott and Amit, 2008.
- Strategic options in aligning business model and brand architecture decisions
- Adjusted existing parent/master business model
- Renewed existing business model (adding new business model components/layers)
- New stand-alone business models

Examples of alignment: fast-fashion brand associations and corresponding business models (Zara, H&M etc.)

Examples of misalignment or serious alignment challenges: Ryanair facing other side of pursuing cost excellence, Zalando facing other side of free shipping and returns, greenwashing by fast-fashion brands; Lego going for sustainability, while keeping existing qualities of the bricks.
| Changes in a sub-brand or endorsed brand architecture | Repositioning existing or launching new sub-brands or endorsed brands, while relying upon the existing business model and aligning the changes with the brand associations of the parent brand. | Repositioning existing or launching new sub-brands or endorsed brands, while adding new business model components/layers to the existing business model and aligning the changes with the brand associations of the parent brand. | Repositioning existing or launching new sub-brands or endorsed brands, as separate business units or businesses, demanding new stand-alone business models, that may still be partly connected with each other. |

Theoretical support:

Akbar and Tracogna, 2018; Åsberg and Uggla, 2019; Aversa et al., 2020; Brandão et al., 2020; Etzioni, 2017; Larpin et al., 2019; Marques et al., 2020; Miniard et al., 2018; Mody et al., 2020; Ozbal et al., 2020; Stollery and Jun, 2017; Vriens et al., 2019; Yao et al, 2019; Wirtz et al., 2019

Examples of alignment: The launch of new sub-brands (e.g. Airbnb Experiences) relying upon Airbnb’s existing business model; Amazon Prime having an integrative role in connecting Amazon products and business models

Example of misalignment or serious alignment challenge: Airnb Plus and Luxe difficult to integrate within the existing Airbnb business model, while at the same time initial/existing brand associations are being challenged.
| Changes in a house of brands architecture | Repositioning existing or launching new brands and making changes to the business models of the individual brands, while relying upon existing business model components of the parent company that can be shared across the brands. | Repositioning existing or launching new brands and adding business model components/layers to the business models of the individual brands, while relying upon business model components of the parent company that can be shared across the brands. | Repositioning existing or launching new brands as a separate business unit or business, demanding new stand-alone business models, that may still be partly connected with each other. |

Theoretical support:
Aversa et al., 2020; Cabigiosu, 2020; Jin and Shin, 2020; Johnson et al., 2008; Sepe and Anzivino, 2020

Example of alignment: Kering group with luxury brands like Gucci and Brioni, each brand having its own business model and brand positioning, while at the same time the group behind the brands shares functions and uses a one-voice strategy in connecting with its B2B partners (wholesalers, etc.)

Example of misalignment or serious alignment challenge: Amazon private labels facing challenges in finding the balance between the brands of third-party sellers and the launch of its own private labels in certain product categories on the Amazon platform
Pursuing new brand associations may demand more than simply product adaptations as they force companies to ‘renew’ the existing business model behind the brand. This can be achieved by using a multi-layer business modeling approach in which each new business model layer corresponds to a new intended brand association. Patrizia Pepe, a fashion brand of the Tessilform textile manufacturing company, is an example of a brand that uses such a multi-layer business model approach. Started as a fast-fashion business, the company continued integrating various formulas to its brand over time, from ‘pronto moda’ to the ‘flash’ formula, each demanding a new layer in the existing business model. Three supply chain layers built around three types of collections characterize Pepe’s business model: a main collection, a flash collection created in autumn and sold in spring and weekly (fast-fashion) mini-collections (Signori and Guercini, 2019). Some traditional luxury brands like Burberry are reacting to the fast-fashion evolution by adopting the SNBN (see now, buy now) business model (Salonga, 2017). This means that consumers can buy products almost immediately after catwalks and fashion events (Varley et al., 2018). Most steps of the traditional buying, merchandising and supply chain processes are still applicable under the SNBN business model, but are re-engineered and shortened (Boardman et al., 2020). Fashion brands have also integrated social media, AI, and big data in their business model, allowing them to provide personalized recommendations and experiences (Heine and Gutsatz, 2015; Trotter, 2018). This integration has also led to the adoption of a new business model referred to as social commerce, where consumers can buy directly on social platforms (Guercini et al, 2020).

But brands should also evaluate whether adding multiple new layers in their existing business model or launching new stand-alone business models under the same brand name can be aligned with their existing brand associations/brand heritage (Logman, 2013; Todeschini et al., 2017, Parguel, 2020). In some cases this is no problem. For instance, Magnum (an ice
cream brand owned by Unilever) has been developing various stand-alone business models over the last couple of years, built around the common brand association of ‘pleasure’ (https://www.magnumicecream.com/uk/campaigns/truetopleasure.html). Unlike Magnum’s offerings available at supermarkets, personalized/higher priced ice cream bars are sold in pleasure stores. Magnum also relates with fashion (https://www.magnumicecream.com/uk/stories/fashion.html). Many fashion products have been launched (e.g. skirts, towels, etc.), celebrities have been involved in fashion campaigns and short films have been introduced at the Cannes Film Festival.

However practical evidence learns that existing brand associations may not always work as an anchor for new stand-alone business models. For instance, IKEA is experimenting with a leasing/subscription business model for students or small businesses. Once returned, the furniture gets cleaned up, refurbished, or recycled and goes back into rotation for someone else to rent. In doing so, different pricing options are offered (fixed monthly fee with buying option versus a more flexible contract) (Burke, 2021). In the meanwhile, IKEA is also opening second-hand (used) furniture stores and has started selling spare parts as well (Milne, 2021b). However, the idea of long-term use does not perfectly match with flat-pack soft-wood and ready-to-assemble furniture that IKEA has always been associated with (Balch, 2020; Mikel, 2019; Thomasson, 2019). Moreover, IKEA lacks refurbishment capacity around the world and depends on local infrastructure, while in some countries recycling of certain materials is even technically or legally not possible (Balch, 2020).

Companies may also launch new sub-brands or endorsed brands, while still relying upon the existing business model. For instance, Airbnb has been adding various sub-brands such as for instance ‘Airbnb Experiences’ and ‘Airbnb Collections’. All these initiatives are aligned with one of Airbnb’s core brand associations, that of offering a local and authentic travel
experience to everyone. With ‘Airbnb Plus’ and ‘Luxe’ the brand has also added new up-selling standards to its offer to stretch the brand upward. ‘Airbnb’ Plus homes are inspected and verified against a 100+ point checklist, covering cleanliness, comfort, and design. ‘Airbnb Luxe’ offers custom designed trips of a lifetime, including the world’s finest homes, custom experiences, and world-class hospitality. Airbnb’s business model has always relied upon peer-to-peer reviews of hosts and guests, but the ‘Airbnb Plus’ and ‘Luxe’ registered homes demand much higher standards and control (Yao et al., 2019). Therefore, Airbnb needs to work with professional property management or concierge service companies (a new business model layer) to guarantee quality consistency across its Airbnb plus and Luxe homes and over time. In the meanwhile, Airbnb has planned that every home and every host on Airbnb will be reviewed with the objective of 100% verification (Airbnb, 2019.) Moreover, Airbnb is taking more control of rental costs and prices as well, by incorporating for instance revenue management tools such as Smart Pricing (Mody et al., 2020).

As Airbnb is changing its mediating role and platform governance in terms of rules, standards, and procedures, this may affect the initial brand image of the Airbnb platform that was mainly associated with peer-to-peer review-based trust and easy accessibility for everyone (Akbar and Tracogna, 2018; Etzioni, 2017, Larpin et al., 2019, Mody et al., 2020; Stollery and Jun, 2017; Wirtz et al., 2019; Ozbal et al., 2020). Airbnb has already experienced that Airbnb Plus turns out not be successful so far, due to the high requirements and implementation problems (Schaal, 2020), not to mention the effects of the corona epidemic.

The Airbnb Plus example shows that not all sub-brands can be integrated within an existing business model and sometimes may demand an extra business model layer or separate business model that may be difficult to implement. In the meanwhile, by acquiring last-minute hotel booking platform HotelTonight, Airbnb is converging from a pure platform business model to a pipeline business model (Mody et al., 2020). Not only does this allow Airbnb to
offer hotels and vacation rentals on one platform, but it also creates demand synergies. Airbnb found that guests who first booked a hotel on Airbnb were highly likely to return and book peer-provided rooms in the future (Mody et al., 2020; Schaal, 2019).

Stand-alone business models may also result from a multi-brand approach, as is the case with for example Kering, an international group, specialized in luxury goods and known for brands such as Gucci and Brioni. Each brand of the group has its own business model with typical characteristics in terms of the value proposition (such as craftsmanship, collections, quality, and prices) and channels (such as shops and social networks) (Cabigiosu, 2020). Brands of the Kering Group, like Gucci, have been adjusting and renewing their business models. By employing artification strategies based on contamination, Gucci has changed the nature of its brand and has added a new business model layer as it has become a part of the cultural industry, capitalizing on this by distributing commercial products (Sepe and Anzivino, 2020). However, all brands of the Kering Group also highly rely upon the (parent) business model of the Kering group as well. The Group coordinates all functions that can be shared among its brands, by for instance pursuing differentiation in raw materials between its brands, while at the same time searching for efficiencies across multiple suppliers (Kering, 2020; Roll, 2020). The group Kering also uses a one-voice strategy for its multiple brands in connecting with its multiple B2B customers and partners, like wholesale distributors, retail store owners and NGOs.

However, introducing multiple separate stand-alone business models for sub-brands or individual brands (of a house of brands) may become more complex, when the models are not only partly connected with the business model of the parent company, but also connected with each other. In this context, Aversa et al. (2020) define an ‘integrative business model’ as a business model in a business model portfolio that shows the most (predominantly positive)
complementarities with the other business models. For instance, Amazon Prime plays an integrative role in developing synergies between customer groups, as well as creating cross-selling opportunities across Amazon’s multiple business models and product categories. If the number of Prime content creators increases, both the number of online shop customers (of the Amazon Marketplace) and Prime customers increase, and vice versa.

Amazon is also increasing its number of own private labels in industries like food and beverage, clothing, and electronics. For instance, with the recent investment in AI and on-demand clothing factories, Amazon may truly transform the fashion industry in terms of design, production, and retail (Jin and Shin, 2020). However, in integrating more own private labels on Amazon’s marketplace, it needs to make sure that it does not diminish the incentive of its third-party sellers to develop new products and sell them on Amazon’s platform (Bowman, 2020). Therefore, Amazon has defined a rule that stipulates that, unless and until a product of a third-party seller has become a commodity (like e.g., batteries) and become available at multiple other selling places, Amazon will not compete against such sellers by using data insights it might have from that seller. Other companies, like Zalando, face similar challenges in finding the balance between the brands of third-party sellers and their own private labels (Zalando, 2019b, c).

5. Implications, conclusions, and directions for future research

This study shows that brand management and business modeling should be perceived as disciplines that are highly interwoven. In this sense it contributes to a management school of thought that is more integrative and problematizing and deals better with today’s more complex and dynamic reality (Alvesson, M. and Sandberg, J., 2020; Logman, 2011; Riel and Martin, 2017). The grid proposed in this article allows exploring various choices in terms of a brand and business model architecture and emphasizes the alignment challenges of each
positioning option. It shows that possible problems of alignment may be solved by ‘separating’ brands and/or business models as stand-alone units. For instance, not all sub-brands can be integrated within an existing business model and may demand a new business model layer or new separate business model (as is the case with Airbnb Plus). It may even challenge the role of the sub-brand in the brand architecture, as brand associations may be affected by business model decisions as well. Other companies may be forced to use a ‘phased’ strategy (separation in time) in which a brand gradually moves to its new brand/business model position in the grid. This can be applied by first experimenting and then making a bigger scale shift (as is the case for instance with Ikea’s leasing and Lego’s sustainable bricks initiatives).

This study also sheds another light on ‘dynamic capabilities’ (Teece, 2018), as companies not only need to mix, remix and orchestrate business model architecture decisions, but at the same time need to align these decisions with brand architecture decisions. In particular this demands the art of ‘connecting’ and ‘disconnecting’ at the right time with old and new anchor points in the brand and business model architectures when making growth moves.

Future research may refine and expand the conceptual grid of this article. For instance, more complex business ecosystems, in which various actors create value for each other, demand more complex business models and a fresh perspective on how to manage the brand in relationship with all its complementary partners (Eckhardt et al., 2019; Swaminathan et al., 2020). Another refinement or extension may be the inclusion of other dimensions, like for instance other strategic dimensions (e.g. the impact of brands’ acquisition versus retention strategies on the brands’ business models). In using a more refined or extended business model/brand grid, the decision maker should make sure that all decision options on the grid
dimensions included are mutually exclusive and collectively exhaustive, that is MECE proof (Rasiel and Friga, 2011).

Another interesting direction for future research is to study the resilience and adaptability of companies’ positions in the business model/brand architecture grid when facing unexpected temporary or structural external changes. The Covid-19 pandemic has shown for instance that some companies have been looking for creative solutions, that allowed them to partly or entirely rely upon their existing business model and brand choices. For instance, Airbnb has been offering ‘online’ experiences (an alternative for real life local experiences), while IKEA has been optimizing its augmented-reality app that already complemented the traditional in-store experience before Covid-19.
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