

DESIGN TOOLKIT

Brand extension decision
for corporate startups

Introduction

What is a corporate startup?

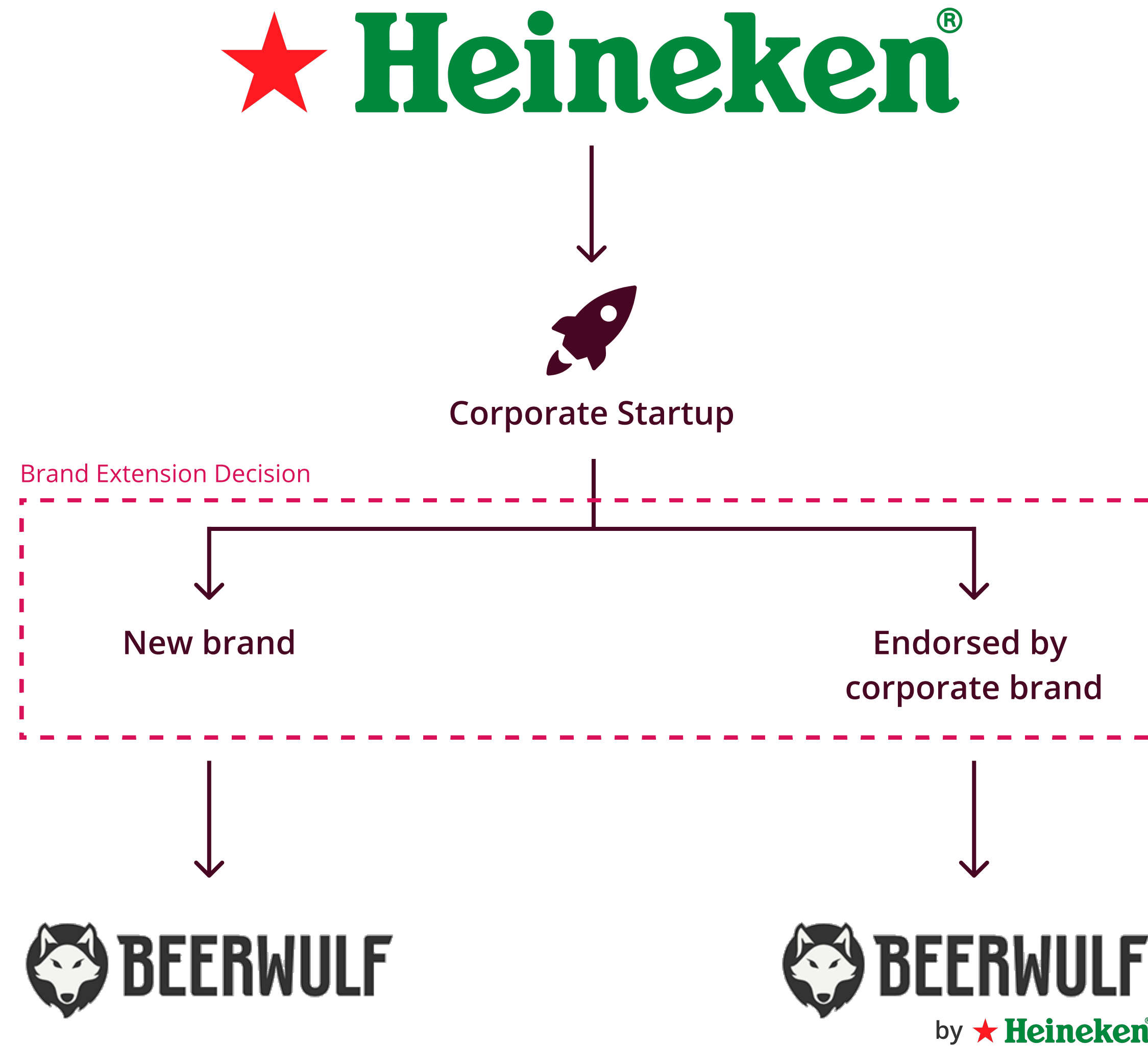
One way of implementing entrepreneurship within a bigger corporation is by having corporate startups. A corporate startup is a team of employees working on one idea, acting as a startup within the organization of the corporate. Consequently, these corporate startups make it possible for the corporate to manage innovation while executing on the core business.

What is the brand extension decision?

Unlike regular startups, corporate startups can decide to brand their product or service with the established brand of the corporate they are deriving from. This decision between branding a corporate startup with the corporate brand name or with only a new brand name, is known as the brand extension decision.

Note that a brand extension is not similar to a product line extension, which is the use of an established brand name for entering a new market segment within its product product class, i.e. Diet Coke.

Example of brand extension decision



Why this toolkit?

Influence on product adoption

Under which brand a corporate startup is branded, can influence the success of their product or service. Therefore, it's important to understand how the brand extension decision and new product success are related.

Research shows that one of the most important determinants for product adoption and thus new product success, is brand image fit: the perceived fit between the parent brand and the extension product. This because innovators and early adopters, who are the first to buy an extension, focus on brand image fit when evaluating an extension. And if they do not accept the extension, it's likely that the less innovative will accept the extension as they often look at the early adopters and innovators as an example.

Therefore, firms should take the brand image associations of innovators and early adopters into account when extending their brand. Especially when the technological dimension of the extension is more advanced.

Practical guidelines

- 1 Facilitator
- 1 Corporate Startup team

It is recommended to use the toolkit in a workshop setting with a duration of 1-2 hours maximum. Depending on whether the session is in-person or remote, the canvases and cards can be printed.

Please make sure that the facilitator is someone who is objective, meaning they are not part of the corporate startup team. During the session, the facilitator makes sure the step-by-step process is followed and guides the team by asking questions and support where necessary.

Step-by-step process (1/2)

Before the workshop: Brand identity & image Canvas

Identify the corporate's brand image by doing user research. In other words, ask customers and non-customers how they perceive the corporate's brand, what characteristics come to their mind? Besides the corporate's brand image, also identify the corporate's brand identity by analyzing marketing and communication documentation. This because if the corporate would endorse the corporate startup, they will not do so if the corporate startup's brand personality does not contribute to the corporate's brand identity. Translate both the corporate's brand image and brand identity to a color profile based on the Brand Archetypes Framework and draw it on the canvas.

Workshop exercise 1: Brand positioning Canvas

Complete the brand positioning statement to make sure everybody in the team is aligned on what it is you provide to who and why.

Workshop exercise 2: Brand personality Canvas

Let the team select a maximum of five brand personality cards that represent how they'd like their product/service to be perceived. Please note that the team should not only select, but also prioritize the cards from 1 (= most important) to 5 (= least important). Save this selection as you'll revisit them later.

Step-by-step process (2/2)

Workshop exercise 3: Is it a match?

Canvas 3 - Revisit the selection of brand personality cards and turn each card around. You'll see that each card has a color on the backside. List how many cards there are within each color category and also include the priority number. On the right side of the canvas, you find an example. Finally, create the color profile of the corporate startup's brand personality and compare this color profile with the color profiles of the corporate's brand identity and brand image to analyze whether there is a fit.

Final outcome

When comparing and analyzing the different color profiles it may not always be obvious whether it is a match. Therefore, if there is no clear match, it's important to discuss this together by reviewing the selected cards and their priority. Is every selected card still valid? And should the one card really have a higher priority than the other?

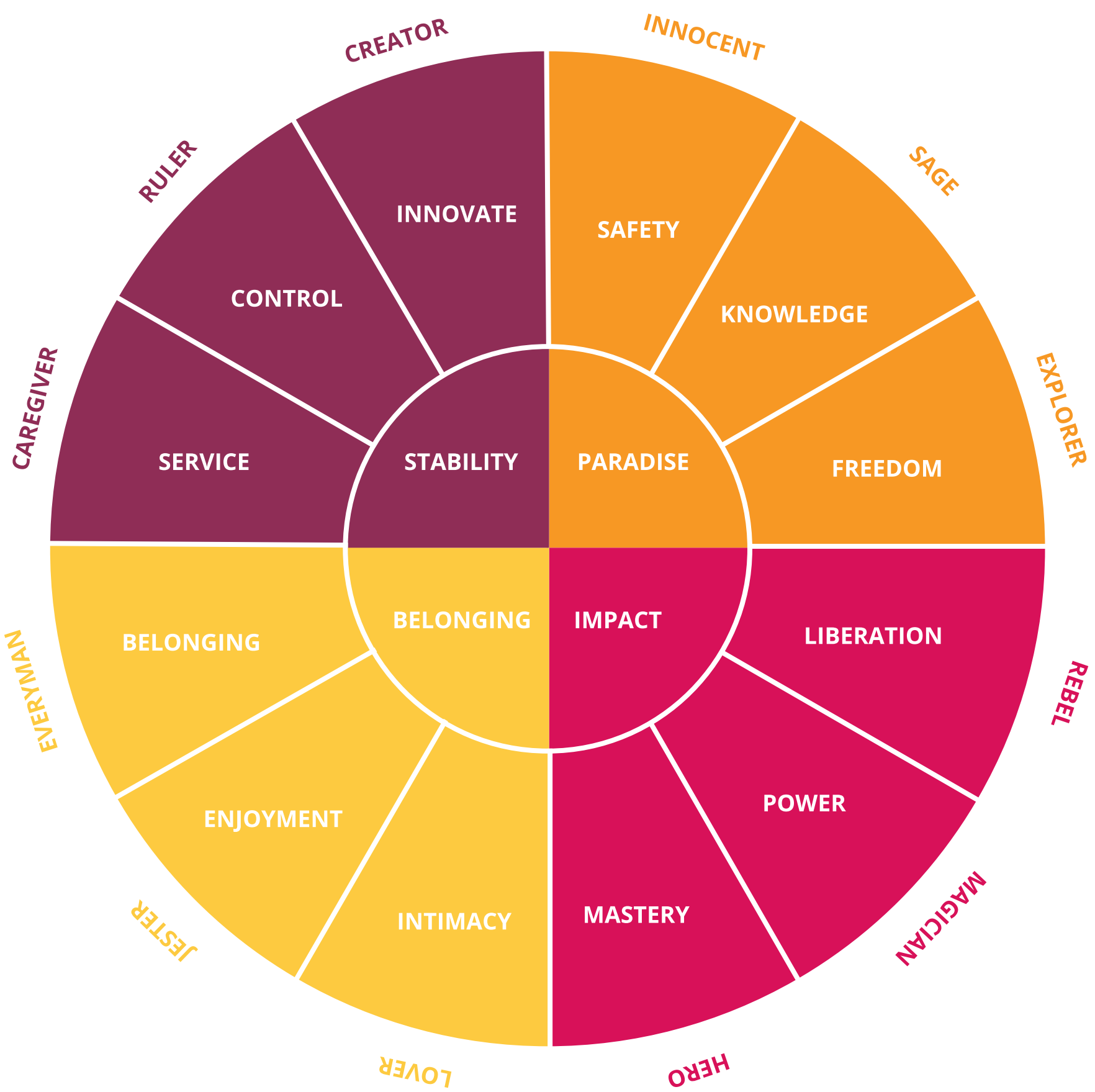
Brand Archetypes Framework

Purple: Order

The Order types want to give the world structure because they want their customers to believe in what's possible, to make them feel understood and protected and make them feel organized, stable and secure. Examples of brands: Adobe, Microsoft, UNICEF.

Yellow: Social

The Social types want to connect with others because they want their customers to feel a sense of belonging, to find love and connection and to have more joy and laughter in their daily lives. Examples of brands: IKEA, Chanel, M&Ms.



Orange: Free

The Freedom types want to find paradise because they want to help their customers feel great inside, help by sharing knowledge or have new experiences, adventures and discoveries. Examples of brands: Dove, The North Face, Google.

Pink: Ego

The Ego types want to change the world because they want to make their customers' dreams come true, help by rescuing them from their troubles or help them break free from the status quo. Examples of brands: Apple, Nike, Virgin.

Cards & corresponding colors

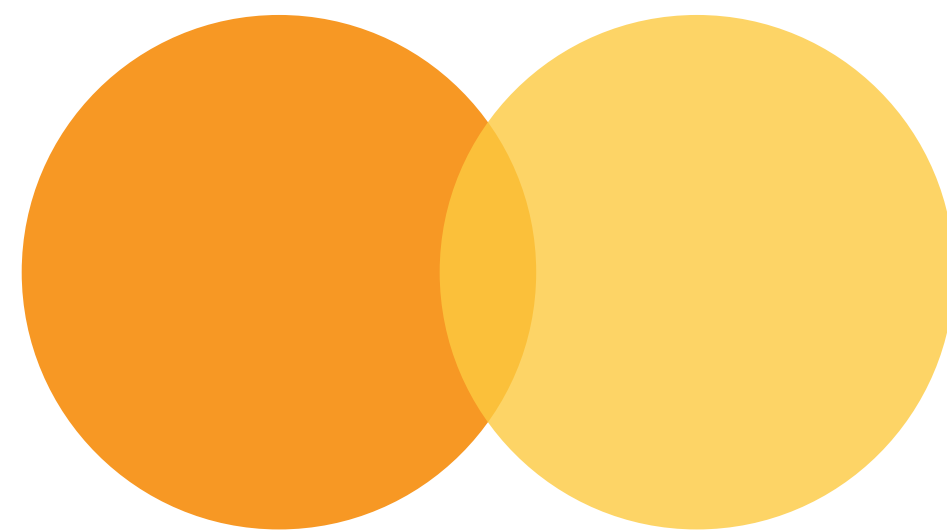


How to define the color profile (1/2)

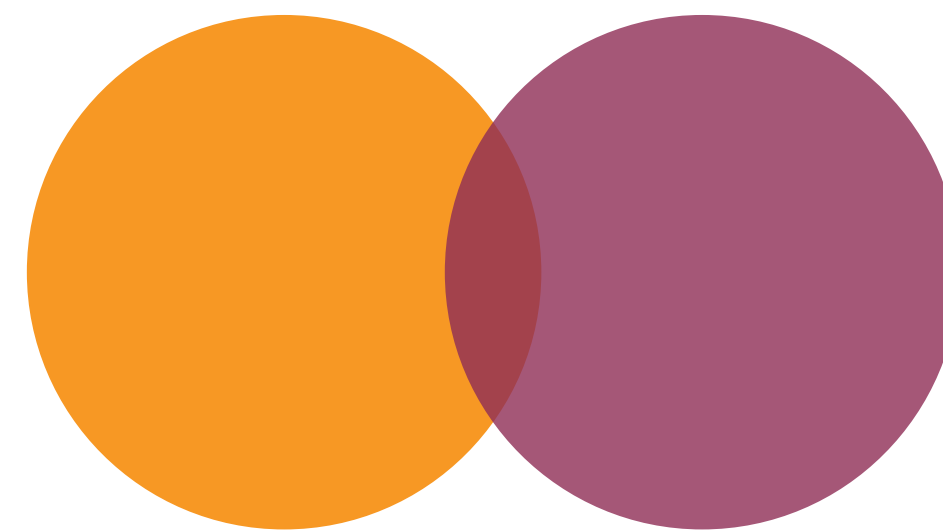
For example:

- A corporate's brand identity includes characteristics, such as honest, community, reliable and supportive.
- A corporate's brand image includes characteristics, such as accessible, stable, helpful and loyal
- The corporate startup selected the five following brand personality cards, from high priority to low priority: disruptor, confident, inventive, pioneering and quirky.

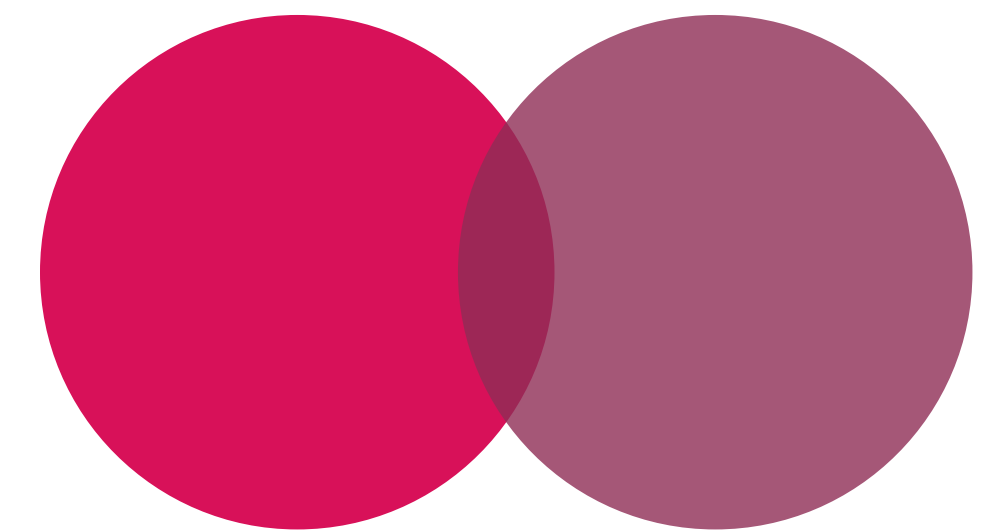
With help of the Brand Archetypes Framework, these characteristics can be translated to the following color profiles:



Corporate's
brand identity



Corporate's
brand image



Corporate Startup's
brand personality

How to define the color profile (2/2)

When comparing the three color profiles from the previous page, it becomes obvious that measuring a brand image fit is not a black-and-white decision as you need to make multiple considerations.

We can say that when comparing the corporate's brand image with the corporate startup's brand personality there's a 50/50 match. However, if we then compare the corporate startup's brand personality with the corporate's brand identity, there's no match at all. So, what to do then?

In that case it's recommended to ask the corporate startup more about what brand personality they'd like to reflect, regardless of the selected cards. It may be that this discussion with the corporate startup team indicates that the brand personality they want to reflect, is mostly pink and just a little bit purple. Based on that, we can conclude that there probably won't be a brand image fit as the corporate startup's vision for their product deviates too much from the corporate's brand image.

However, note that brand image fit is not the only factor influencing the success of a brand extension decision. Also, consider the perceived category fit and a strategic fit with the corporate organization (i.e. key resources, key partners, cost structure, etc.)

Final remarks

Please note that brand image fit is not the only factor influencing brand extension success in regards to new product success. Another factor influencing brand extension success, is perceived category fit: the similarity between the new product category and the existing products of the parent brand. Also, consider whether there's a strategic fit with the corporate organization, i.e. in key resources, key partners, cost structure, etc.

Do you have any questions about the toolkit? Feel free to contact the designer, Josephine Scholtes.

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