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STRATEGIC BRAND MANAGEMENT

MASTER PAPERS

Exploring brand architectures  
– a Volkswagen Group case

*By:*

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**SBM**  
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# Exploring brand architectures – a Volkswagen Group case

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## Abstract

**Purpose:** Explore various mother-daughter relationships that exist within the same corporation and how they can be linked to different types of brand architecture

**Methodology:** Within a single organisation a multiple case study was conducted with a comparative design. The chosen case study is the Volkswagen Group and its daughter brands Lamborghini and Volkswagen. The paper has a deductive approach.

**Theoretical perspective:** Previous literature has introduced different types of models that can be used to place a brand in a specific brand architecture. Previous literature has also presented models to be used when exploring a brand's identity. We used these models as a theoretical base to analyse the case selected.

**Conclusion:** Multiple brand architectures can exist within the same company. This is a result of the differences present in mother-daughter relationships. Hence, our research shows that, in practice, brands are not as specific in structure as they are in theory

Keywords: Brands, brand architecture, brand identity, mother-daughter relationships, Volkswagen, Lamborghini

**Paper Type:** Research Paper

## Introduction

### *Background and terminology*

To be able to follow the findings of this paper, it is important to receive a general understanding of what a brand and its architecture are. Brands and brand architecture take their base in strategic brand management, which is a field of study that has gained momentum the past decades. First and foremost, there is a wide variety of definitions of a brand. Kapferer (2008) means that a brand can be defined financially, through net additional cash flows, or from a consumer point of view. The consumer-based definition suggests, “brands have financial value because they have created assets in the minds and hearts of customers, distributors, prescribers, opinion leaders.” (Kapferer, 2008, p.7). Furthermore, these assets are

“brand awareness, beliefs of exclusivity and superiority of some valued benefit, and emotional bonding” (Kapferer, 2008, p.7). This means that a brand creates added value to the product/service that is sold.

### *Purpose and research question*

Previous literature has introduced different types of architectures that a brand or company can use to structure itself. Previous literature has also explored what a mother-daughter relationship is and how it is built. However, there are more types of mother-daughter relationships than has been previously presented in literature. The type of mother-daughter relationship that exists also depends on the brand architecture of the company. Therefore, the purpose of this paper is to explore the different kinds of mother-daughter relationships that exist within the same company, and how they can be linked to diverse types of brand

architecture. We will focus on the relationship between Volkswagen and the Volkswagen Group, as well as Lamborghini and the Volkswagen Group in our research. Our research question is as follows: *What different types of brand architectures can exist within a corporation with regards to its mother-daughter relationships?*

#### *Relevance of the topic*

Kapferer (2008), Urde (1997) and Urde (2015) discuss different types of architectures and structures that exist in theory. They have invented different models to explain the mother-daughter relationship as well as which types of brand architectures can be found. However, in practice there can exist brands that spread beyond one type of structure. Seeing as within a given brand portfolio brands can have different identities and values, it can be difficult to place them in exact structures. Hence, the relevance of the topic is to combine the theories introduced with real life cases to receive an understanding of how the introduced theories can be applied in practice, and, in this case, on the Volkswagen Group.

## **Methodology**

### *Research Approach*

We decided to apply a deductive approach to our study. According to Alan Bryman & Emma Bell (2011) a deductive approach aims to apply research to a theoretical area to come to a conclusion about a subject. That is to say, a deductive approach has the theory at its base. The deductive approach is different to the inductive approach as in the latter the theory is generated through the research (Bryman & Bell, 2011). Since our study is explorative and does not aim to result in new theories based on the research, a deductive approach is deemed most appropriate. However, to be noted is that a hypothesis is commonly used in a deductive approach.

Seeing as the nature of our study was more explorative than results oriented (we did not try to prove a point), we decided not to include a hypothesis.

### *Research instruments*

The primary, and only way, we used to collect data and information was from secondary analysis and secondary sources. According to Bryman & Bell (2011) secondary analysis means that information already has been collected by other researchers and by organizations as a part of their course of business. Secondary data can be found in databases and looking at companies' websites. We decided to choose this instrument in our research because of the time constrictions we had on the study. Bryman & Bell (2011) mean that a secondary analysis offers many benefits to students carrying out a research project as it is not as time-consuming as primary analysis, gives the researchers more time to analyze the information rather than collecting it, and gives the opportunity for new interpretations of already existing analysis. The use of primary analysis and primary sources, on the other hand, gives more substance to research as the data collected is intended for that research only (Bryman & Bell, 2011). Again, we would like to clarify the explorative approach to our research that is based on already existing information within the area of mother-daughter relationships, and, therefore, do not perceive the need for primary analysis in our study as necessary.

### *Research design*

We decided to answer our research question with a case study as it best suited its nature. Bryman & Bell (2011) discuss the single organization case study design. This type of case design puts its focus on the organisation as opposed to a single event or a person (Bryman & Bell, 2011). Additionally, we explored two cases within the same organization seeing as it is the most suitable

for our purpose and our research question. According to Bryman & Bell (2011) this is referred to as a multiple case study. Furthermore, we also chose a representative case with a comparative design. Bryman & Bell (2011) mean that a representative case explores the everyday form of the organization while a comparative design uses almost identical methods to analyse contrasting cases. In our case, this means that the same methods were used to explore the different types of relationships a mother and a daughter can have within a brand and its architecture. However, according to Yin (2003) a case study is difficult to generalise statistically as it emphasises unique features of certain organisations. This means that it is difficult to apply the case study to other organisations except for the one explored in our paper. Since our study was of such a design that little attention was brought to statistics, we strived for analytical generalizability (Yin, 2003). Consequently, our results can be analysed and re-applied to other cases.

#### *Case selection*

We based our selection of the cases on two criteria: that the brand included more than one mother-daughter relationship and that the mother-daughter relationships differed in some way or another. The reason for our first criterion is closely related to the design of our case study. Seeing as we wanted to perform a multiple case study with a comparative design, we decided to find a company that had more than two mother-daughter relationships. The reason for our second criterion takes its base in our purpose. In order to explore the different types of mother-daughter relationships that exist within a brand and its architecture, the relationships within the chosen company needed to have different characteristics. The second criterion allowed for a deeper analysis of the cases.

We decided to apply our case on the Volkswagen Group and two of its daughter brands. The Volkswagen Group fulfilled the two criteria we set for the study. First of all, there are 12 brands within the Volkswagen Group including Volkswagen, Audi, Lamborghini, and Bentley (Volkswagen Group, n.d. B). Therefore, the first criterion is fulfilled. These brands have their own relationship with the mother brand (the Volkswagen Group), which leads us to the fulfilment of the second criterion. Seeing as the daughter brands have different identities and characteristics, the relationships they have with their mother brand are different. This can, again, be related to the purpose of our study and our research question.

## **Literature review**

### *Kapferer's model of brand architecture*

To describe and portray a mother-daughter relationship of a corporate brand and its daughter brands, it is useful to understand different brand architectures. There are different patterns of this relationship. The corporation can play different roles, which determines how its brands are perceived by the customer. One useful model to approach the research is Kapferer's six main brand architectures, as they are practical and describe all the possible nuances of the relationship between a corporate brand, its daughter brands and products in a very holistic way.

In the following, the six main brand architectures will be illustrated. On a one branding level, a product brand strategy with a hidden corporate and different brands for every single product and its respective positioning is possible (Kapferer 2008). While it is not obvious that an umbrella brand strategy with only one brand for all of the products in the portfolio of the corporation can be distinguished, Kapferer (2008)

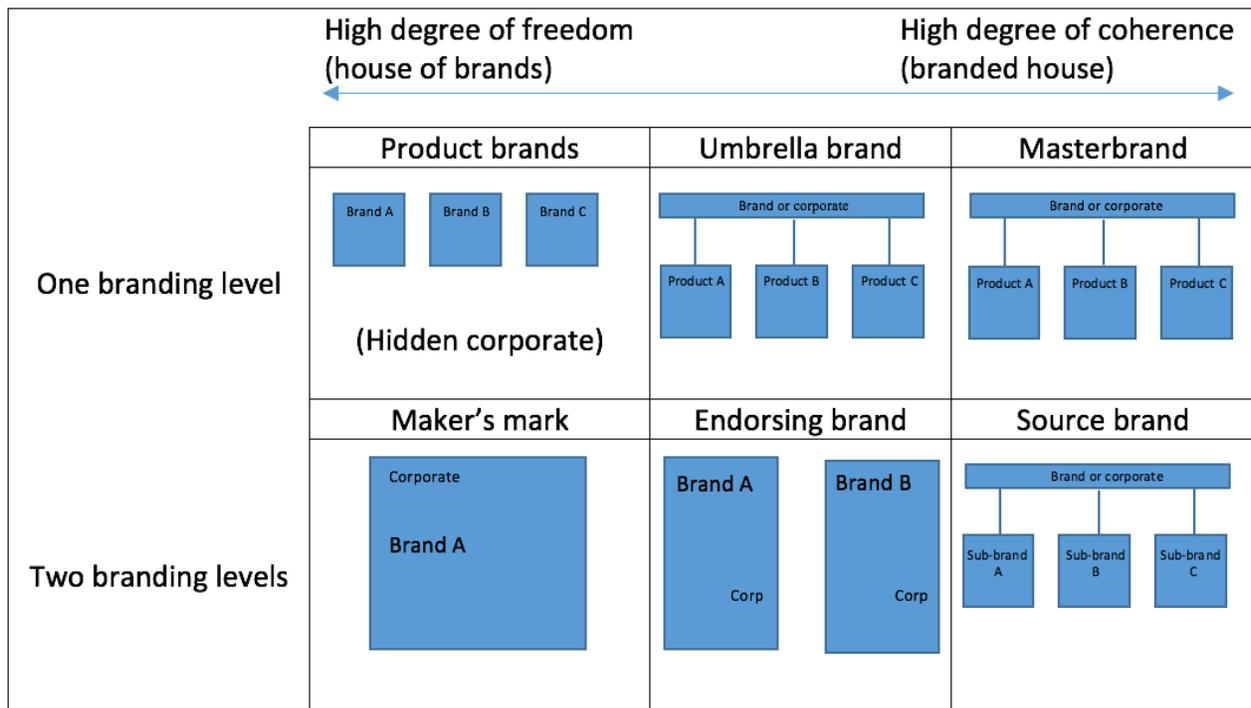
introduces two kinds of umbrella brand strategies: the flexible umbrella brand strategy and the aligning umbrella brand strategy. The role of the corporation is much more dominant in the aligning umbrella brand strategy since it is a surrounding framework as a masterbrand for all its products with centralised values (Kapferer, 2008). In contrast, the flexible umbrella brand strategy allows different promotion for every product (Kapferer, 2008).

Kapferer (2008) states that there can be three other strategies where two brand levels are involved and visible for the customer. For instance, the brand of the corporation and additional brands for the offered products. Firstly, he describes the maker's mark strategy. Here the discreet brand logo of the corporation additionally to the product brands creates a recognition sign, but it is more imperative for the corporation's internal institutions, rather than for the end customer. According to Kapferer (2008) there can also be an endorsing brand strategy, where the corporate gives approval of certain

values to its brands as a base guarantor, but it plays only a secondary role in the perception process of the consumer. In contrary, using the source brand strategy a corporation will use the corporation's brand image and values as a driver of the purchase and the product brands for approaching different customer segments (Kapferer 2008). In figure 1 the six main brand architectures are summarised.

*Urde's models of brand architecture*

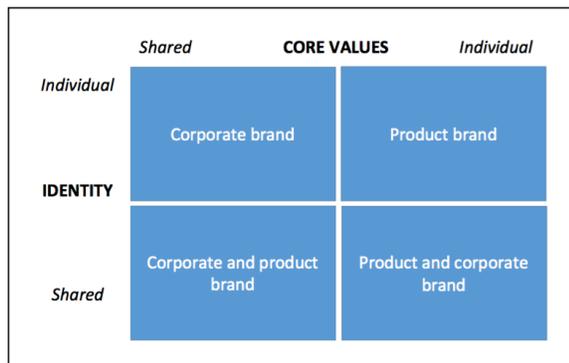
Urde (2001) theorizes another framework that can be used to explore a given brand structure. According to the author, "the choice of brand architecture is decisive for how a company organises and uses its brands. It affects among other things the number of brands, types of brands, the brands' roles, and their internal relationships" (Urde, 2001, p. 1028). In addition, Urde underlines how the relationship between core values and identity affects the choice of a specific brand structure and its potential provided to a company (Urde, 1997).



**Figure 1:** The six main brand architectures (based on Kapferer (2012))

In principle, it is possible to define four main types of brand architectures (Urde, 1997):

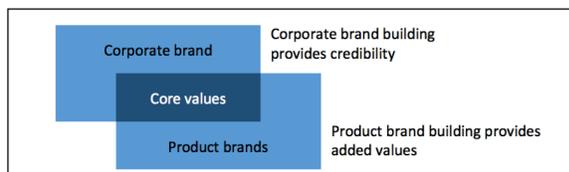
- (1) corporate brand
- (2) product brand
- (3) corporate and product brand
- (4) product brands and corporate brand



**Figure 2:** Four fundamental brand architectures (based on Urde (1997))

The above figure illustrates four types of brand architectures and the different roles covered by the corporate brand and the product brand. Moreover, the framework shows how core values and identity affect the selection of the architecture for a company and, vice-versa, how the selected brand structure should affect the identity and core values of the firm. (Urde, 1997).

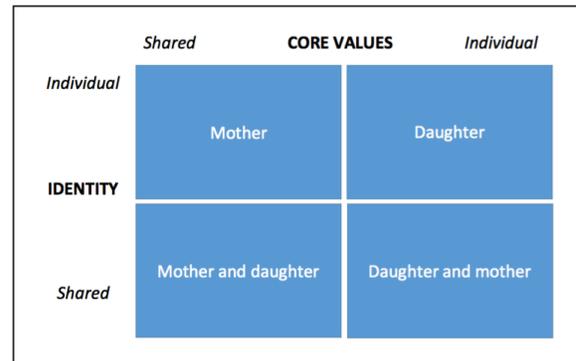
With regards to the possible relations between product brands and corporate brand, the literature shows (figure 3) that the former could provide added values to their target segments while relying on the credibility delivered by the latter and its shared core values (Urde, 2001):



**Figure 3:** Linking a corporate brand to product brands (based on Björholt et al. (1995))

Recently, to better describe the relationship between Corporate Brand and Product Brand,

Urde has developed the following Mother & Daughter framework (Urde, 2015):



**Figure 4:** Mother and daughter brand architectures (based on Urde (2015))

The above framework represents an evolution of the four fundamental brand architectures previously described. In fact, the only but significant difference with the model from Urde (1997) regards to the architectures' nomenclature. Specifically, naming a corporate brand as a mother and a product brand as a daughter helps to understand better how complex and variable the relationship between corporate and product brand can be (Urde, 2015). Thus, considering that the aim of this research is to explore what different types of brand architectures can exist within a corporation with regards to its mother-daughter relationships, Urde's framework is considered to be a useful tool.

#### *Corporate Brand Identity Matrix*

To be able to describe the relationship between a corporation and its daughter brands, it is important to understand the identity of both parties and compare them to find similarities and differences. In this part of the paper, the identity of a corporate brand will be explored, while in section 3.4 a framework for the analysis of the brand identity for daughter brands is introduced.

Florack, Carabis and Primosch (2012) claim that a corporate brand identity is a vital framework for the internal and external

communication of a corporation. They state that the contents of this identity are values, properties and the value proposition. The corporate brand identity predominantly acts as a frame of reference for all the employees' actions in the corporate and aims to make employees express this identity in their behaviour (Florack, Carabis & Primosch, 2012).

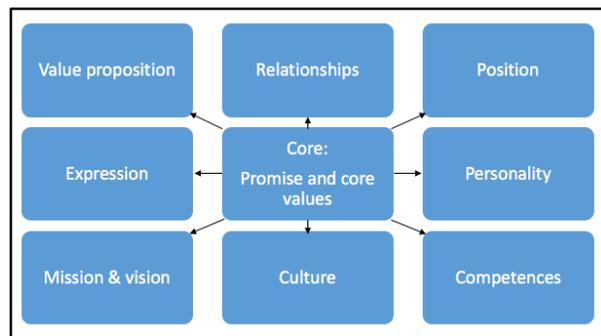
It is crucial to go deeper into the understanding of the content of a corporate brand identity. While Florack, Carabis and Primosch (2012) explain it very roughly, Urde's model of the corporate identity matrix (CBIM) clearly defines nine different elements (Urde, 2013), which go beyond the approximate mentioning of values, properties and value proposition.

Hereafter the meaning and the interrelation between these nine elements of a corporate brand identity will be explained. The mission and vision, culture and competencies of the corporation represent the internal identity of the corporate brand and are the values of the organisation (Urde, 2013). The mission and vision symbolise the motivation for the corporate actions and the reason a corporation exists, as well as future aims and inspirations (Urde, 2013). The culture is a broad reflection of the corporate attitudes and values and the competencies embody the corporation's capabilities, processes, ways of working and special knowledge (Urde, 2013).

The elements 'expression' and 'personality' bridge the internal and external components of a corporate brand identity. The former is the way the corporate expresses its identity through verbal, visual and other forms of identification while the latter is the human characteristics or qualities of the employees in the corporation (Urde, 2013). However, the corporate brand core plays an extraordinary role in the matrix. It consists of the corporate brand promise and the core

values. The promise is communicated externally, has a guiding role internally and gathers the core values, which determine what the brand stands for (Urde, 2013). The arrows having the core as their source, pointing at all the other elements of the corporate brand identity matrix suggest that all elements are interrelated and form a structured entity (Urde, 2013). That means that in an ideal situation, the central core reflects the other elements and these elements reflect the core (Urde, 2013).

Externally, the value proposition, relationships and position represent the way in which a corporate wants its brand to be perceived by the stakeholders and customers (Urde, 2013). The first element is the value proposition, which communicates the value of the corporation with appealing arguments targeted at customers and other stakeholders (Urde, 2013). The second and third external elements are the corporation's relationships to different audiences and the position of the corporate brand in the market and minds of customers and other stakeholders (Urde, 2013). The nine elements of a corporate brand identity according to Urde (2013) are portrayed in figure 5.



**Figure 5:** Corporate Brand Identity Matrix (based on Urde (2013))

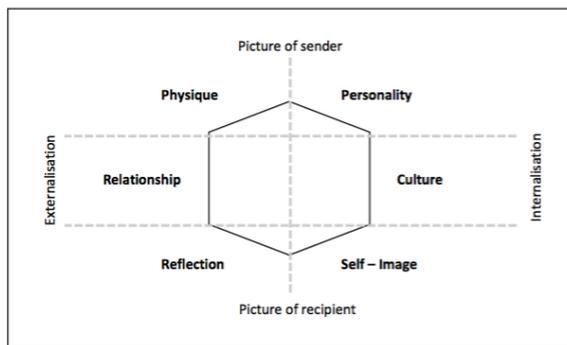
### *Brand Identity Prism*

Previously, we discussed how core values and identity affect the selection of the architecture for a company and, vice-versa, how the selected brand structure should

affect the identity and core values of the firm (Urde, 1997). Core values can be defined as terms that bridge the brand identity of a company and as inputs for internal and external branding processes (Urde, 2001). Thus, they mirror a way of how to take shared decisions within an organization in terms of e.g. product development, communication, etc.. (Urde, 2001; de Chernatony, 2002).

With regards to Brand Identity, Kapferer (2012) considered it to be about the brand's key belief and core values; it is closely related to the true nature and DNA of a brand that allow uniqueness, motivation and resistance to change (Kapferer, 2012).

The Brand Identity can be represented by a hexagonal figure, which Kapferer named the Brand Identity Prism



**Figure 6:** Brand Identity Prism (based on Kapferer (2012))

As we can see from the picture above, the Brand Identity Prism consists of six interrelated facets.

The *Physique* represents the physical characteristics and qualities of a Brand; in fact, the physique “is both the brand's backbone and its tangible added value” (Kapferer, 2012, p. 158).

The *Personality* facet explains, “what kind of person the brand would be if it were a human” (Kapferer, 2012, p. 159). It is the way that the brand creates its character by communicating with its audience. According to Kapferer (2012), the easiest way for a

brand to communicate its personality is using a famous character (real or symbolic) as a spokesperson.

The *Culture* facet is about the brand ideology; “it is the ideological glue that ties everything together in the long term” (Kapferer, 2012, p. 160). Consumers gather around the brand values and ideas and only the strongest brand manage to build community and make of their culture a cult (Kapferer, 2012).

The *Relationship* facet describes how the brand behaves with its target audience; it is “the mode of conduct that most identifies the brand” (Kapferer, 2012, pag.162).

The *Reflection* facet explains how the consumer would like to be seen by the others due to the fact that he is using the brand. In fact, it can be defined as “the target's outward mirror” (Kapferer, 2012, p.162).

Finally, the *Self-image* facet concerns how the brand makes the consumer feel internally. In fact, Self-image can be defined as “the target's own internal mirror” (Kapferer, 2012, p. 162).

Kapferer's Brand Identity Prism also distinguishes between *picture of sender* (the organization) and *picture of receiver* (the target customer) (Kapferer, 2012). The former embraces the brand *physique* and *personality*, the latter includes the brand *reflection* and *self-image*.

Finally, *culture*, *image* and *personality* represents the *internalization* of the brand, which means what is within its spirit, whilst *physique*, *relationship* and *reflection* represents the *externalization* and, therefore, the social aspects of the brand (Kapferer, 2012). Thus, the Brand Identity Prism forms “a well-structured entity” (Kapferer 2012, p. 163) where the six facets mutually reflect their contents and allow possible Brand developments and significant communication (Kapferer, 2012).

Bearing in mind that the aim of this research is to explore how mother-daughters relationships can differ within the same corporation, the Brand Identity Prism can and will be used to analyse different products brands' identities belonging to the same organization. However, we will not use Kapferer's model to study the corporate brand. In fact, the stress on self-image and reflection "makes the Brand Identity Prism more suitable for analysis of product brands than corporate brands" (Urde, 2013, p.745). At the same time, though, the Brand Identity Prism will allow us to find links between mother and daughters brands. In fact, "Kapferer's inclusion of culture, and the distinction made between internalisation and externalisation, positions the model as a bridge between those relating separately to product brand and corporate brand identity" (Urde, 2013, p.745).

## Analysis of mother-daughter relationships

### *Introduction and history of Volkswagen Group*

The Volkswagen Group started in 1937 when the German Labour Front established the brand Volkswagen. They started to build the main manufacturing plant in Wolfsburg in Germany. After the second world war, Volkswagen soon became the biggest car manufacturer in Europe (Volkswagen Group, n.d. A). Today it produces cars in more than 62 plants located in more than 30 countries all over the world. As shown in figure 7 the brand portfolio consists of the nine customer car brands Volkswagen, Audi, SEAT, Škoda, Bentley, Bugatti, Lamborghini, Porsche and Ducati and the three commercial vehicle brands Volkswagen Commercial Vehicles, Scania and MAN (Volkswagen Group, n.d. B).



**Figure 7:** Volkswagen Group brand portfolio (Volkswagen Group, n.d. B)

The Volkswagen Group is committed to maintaining the individual identities and characters of all these different brands in the portfolio (Volkswagen Group, n.d. B). Another daughter brand of Volkswagen Group is the Volkswagen Financial Services, which offers loan and leasing services for the Volkswagen Group cars (Volkswagen Financial Services, n.d.). In 2015, Volkswagen Group overtook Toyota and is now the world's biggest car manufacturer in terms of sales (Volkswagen Group, 2014 A).

As Volkswagen and Lamborghini will be the focus brands of this paper, they will be introduced in a more detailed way in what follows. The volume brand Volkswagen Passenger Cars was the very first brand in the portfolio and is now the core brand of the corporation (Volkswagen Group, n.d. C). It stands for innovative, high-quality and reliable cars and has over 70 different car models in all the major market segments (Volkswagen Group, n.d. C). With its 'Think Blue' product lines, Volkswagen strives for an environmental friendliness and fuel efficiency, which are significant values of the brand (Volkswagen Group, n.d. D).

Lamborghini was founded in 1963 in Italy and acquired by Volkswagen Group in 1998. Compared to Volkswagen, it is not a volume brand, since it delivered only 2.600 in 2014 (Volkswagen Group, n.d. E). The brand signifies extreme super sports cars with Italian design and comprises only the two car

models Huracán and Aventador (Volkswagen Group, n.d. E).

*Volkswagen Group Corporate Brand Identity Matrix*

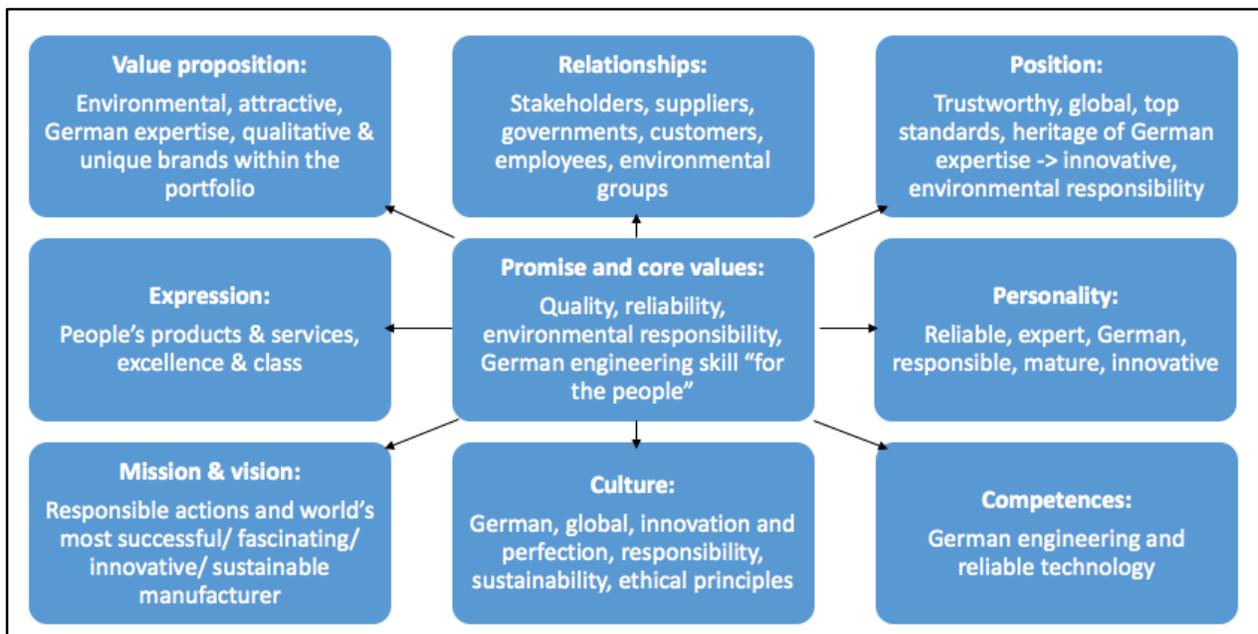
The corporation Volkswagen Group has a multifaceted and intricate corporate brand identity, as it consists of so many brands with different characters and identities (Wimmer & Mani, 2012). The corporate brand identity matrix, which was introduced in 3.3 is now applied to the Volkswagen Group. In its annual report the corporation states that sustainability and, therefore, environmental friendliness is one of the central core values of the corporate brand (Volkswagen Group, 2015). This sustainability aspect is reflected in almost all of the other elements of the corporate brand identity matrix. It communicates the sustainability and ethical considerations when doing business to the stakeholders and customers in all of the three external elements (Volkswagen Group, 2015). This facet is also reflected in the mission and vision, as well as in the internal culture so that employees will always bear ethics and sustainable considerations in mind

when taking business actions (Volkswagen Group, 2015). Other important contents of the corporate brand identity are the German character, high quality and innovation (Volkswagen Group, 2015).

In figure 8 the content of the elements of the corporate brand identity matrix of Volkswagen Group is summarised. It is based on the analysis of the annual report 2014 of Volkswagen Group (Volkswagen Group, 2015) and will be discussed further when it comes to the comparison of the brand identities.

*Volkswagen Passenger Cars Brand Identity Prism*

As previously stated, the Volkswagen Passenger Cars brand is one of the world’s most successful car brands. The “Volkswagen – Das Auto.” slogan embraces the core messages that distinguish the Volkswagen Passenger Cars brand: *innovative, offering enduring value and responsible*. People all over the world associate quality, reliability and German engineering skill with Volkswagen Passenger



**Figure 8:** Volkswagen Group Corporate Brand Identity Matrix (based on Urde (2013))

Cars. Thus, the brand has been able to create a significant trust in millions of customers who have made Volkswagen their first choice (Volkswagen Group, 2014 B).

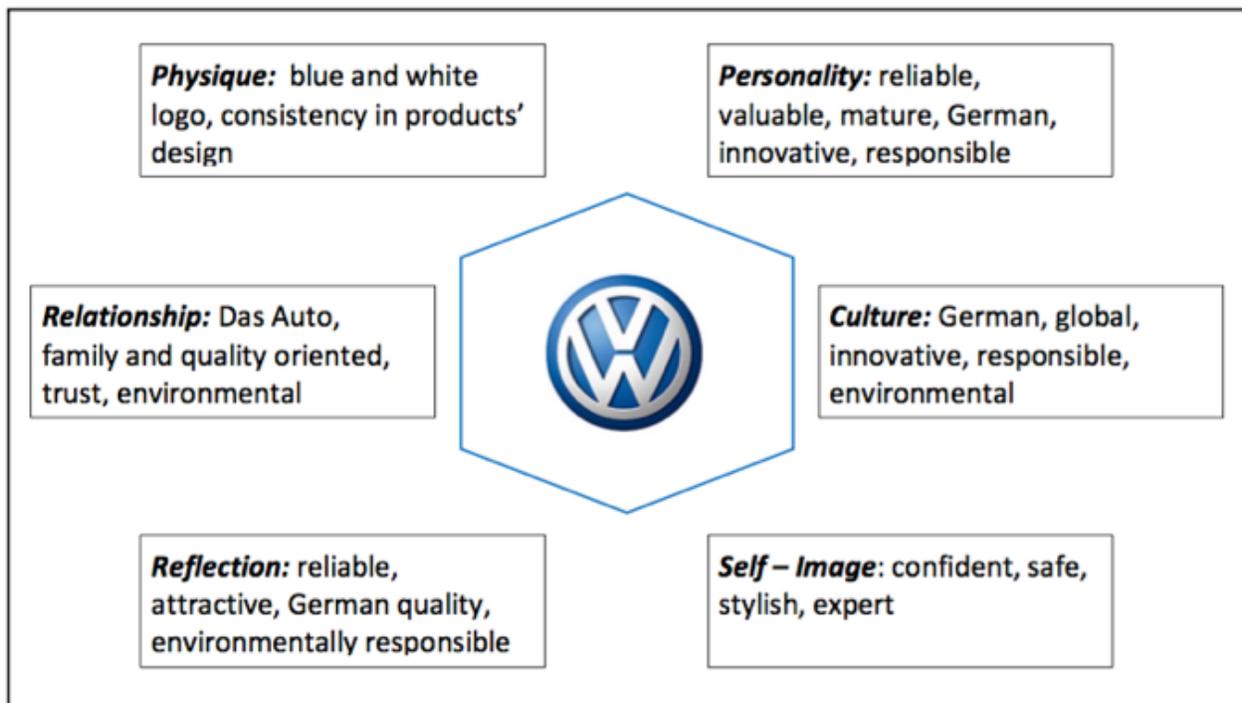
Considering the topic of this research, it is impossible not to mention the recent Volkswagen emissions scandal (Hotten, 2015), which is deeply affecting the identity of the brand. However, at the present time it is not possible to predict how the brand will reshape its identity in the next years and, therefore, this analysis will focus on the “historical” facets of the Volkswagen Passenger Cars’ Brand Identity Prism.

As previously discussed in the literature review, the Brand Identity Prism forms “a well-structured entity” (Kapferer 2012, p. 163) where the six facets mutually reflect their contents and allow possible Brand developments and significant communication (Kapferer, 2012). Thus, the model is a useful tool to identify and represent the Volkswagen Passenger Cars

Brand’s main attributes and to highlight the communication of its identity.

Figure 9 summarises the six facets of the Volkswagen Passenger Cars’ brand identity. Interestingly, the analysis shows a high level of consistency within the brand prism: German quality, environmental responsibility, quality and value dominate most of the prism (Volkswagen Group, 2015). The *picture of receiver (self – image and reflection)* is in consonance with the *picture of sender (personality and physique)*. At the same time, the *internalisation (personality, culture and self-image)* and *externalization (physique, relationship and reflection)* show a certain coherence and overall all the six facets form a well-structure identity (Kapferer, 2012).

Finally, to avoid certain redundancy in the paper, each facet of the above prism is further explained in section 4.5, where the comparison of Volkswagen Passenger Car’s identity with the Lamborghini and



**Figure 9:** Volkswagen Passenger Cars Brand Identity Prism (based on Kapferer (2012))

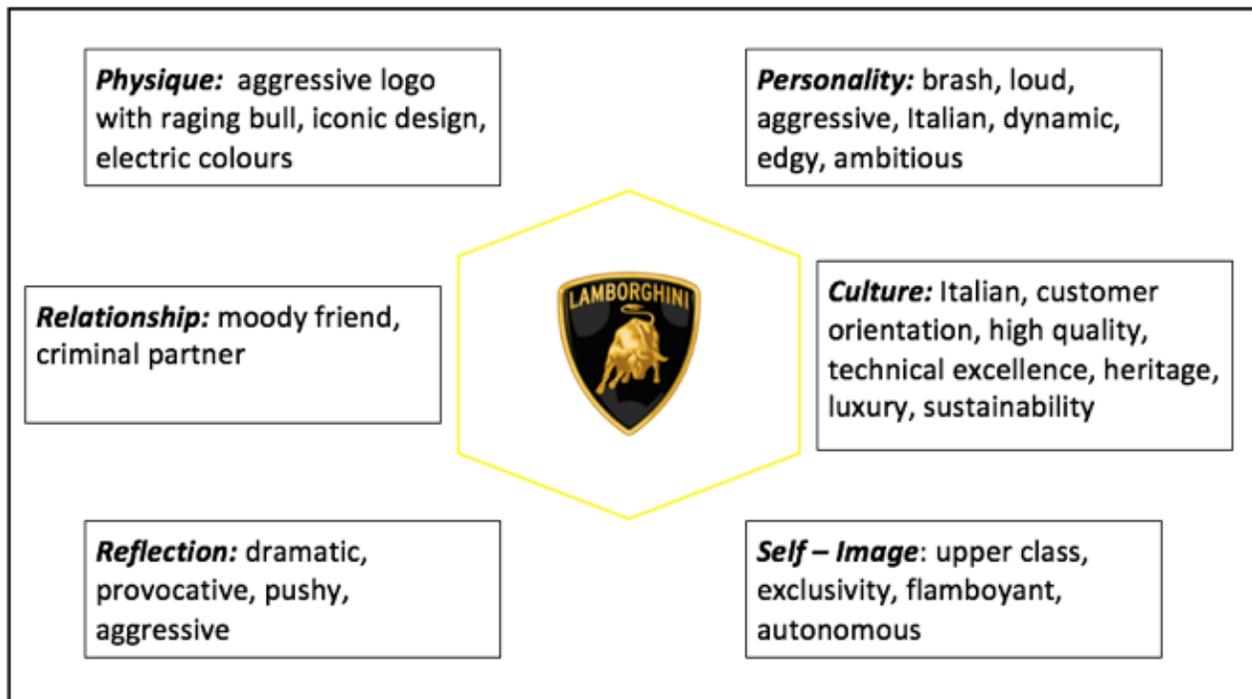
Volkswagen Group identities presents additional findings.

*Lamborghini brand identity prism*

The brand Lamborghini is a heritage brand, as it uses its heritage as a strategy in the value proposition and, therefore, wants its cars to be perceived as ‘masterpieces’. Ferruccio Lamborghini tells the story on how built up the company with its traditional and Italian values on the Lamborghini website (Lamborghini, n.d. A). Regarding the brand identity, Lamborghini has a clear positioning. Especially concerning its *culture*, Lamborghini states, that the brand stands for high quality in super sports cars and puts most effort in meeting customer expectations (Lamborghini, n.d. B). However, the company also claims a commitment to sustainability, for instance, continuous improvement of environmental protection and energy efficiency (Lamborghini, n.d. C). However, this does not seem to be the most important part of the company culture.

The *physique* and *personality* of the brand show mainly an aggressive, loud and self-confident *picture of sender* (Audi, 2014). These character attributes are expressed in the relationship between the brand sender and the receiver, as the cars play the roles as friends being fickle and supporting the receiver, thus the customer, in criminal and harsh actions. These customers, who are the representatives of the *picture of receiver* of the brand, complement the aggressive personality of the sender and want to be perceived as dramatic and provocative while engaging in these scandalous actions with the brand (Audi, 2014). In contrast, the *self-image* of Lamborghini underlines the societal status of an own perception of the receiver belonging to the upper class and using an exclusive brand, as well as being independent of the mass (Audi, 2014).

The entire content of the Brand Identity Prism of Lamborghini is summed up in figure 10.



**Figure 10:** Lamborghini Brand Identity Prism (based on Kapferer (2012))

*Comparison of mother and daughter identities in the Volkswagen Group*

Below, a table is introduced where a comparison is made between the two daughter brands, Volkswagen Passenger Cars and Lamborghini, and the Volkswagen Group mother brand. To clarify, even though a different model was used to analyse the Volkswagen Group compared to the model

used for the daughter brands, Urde (2013) explains that such a comparison can be made because of the similarities between the models. However, even though the models are similar in some ways, there are a few aspects in the mother brand that will not be analysed because of the differences. These aspects are *physique*, *reflection*, and *self-image*.

		 Volkswagen	
Physique	N/A	Blue and white logo, consistent design	Aggressive logo with raging bull, iconic design, electric colours
Personality	German, reliable, mature, innovative, responsible, expert	German, reliable, mature, innovative, responsible	Brash, aggressive, loud, Italian, dynamic, edgy, ambitious
Relationships	Stakeholders	“Das Auto”, family and quality oriented, trust, environmental	Moody friend, criminal partner
Culture	German, sustainability, responsibility, global, innovation	German, environmental, responsible, global, innovative	Italian, customer orientation, heritage, quality, technical excellence, luxury, sustainability
Reflection	N/A	Reliable, attractive, German quality, environmentally responsible	Dramatic, provocative, pushy, aggressive
Self-image	N/A	Confident, safe, stylish, expert	Upper class, exclusivity, flamboyant, autonomous

**Table 1:** A comparison of Volkswagen Group, Volkswagen Passenger Cars and Lamborghini brand identity facets

From the analysis of table 1 similarities and differences between the three brands can be observed:

The *physique* facet of Volkswagen Group is not part of the Corporate Brand Identity Matrix. However, it is clear that the corporation uses the same name and logo as its daughter brand Volkswagen Passenger Cars. In contrast, Lamborghini gives the impression of boldness and is combative in its logo's colours, with the bull showing aggression that can neither be found in its mother, nor in the other daughter brand. In general, Lamborghini appeals to customers' emotional sides, as the design of the car creates a higher social status among its owners while the technical design of a Volkswagen is what appeals most to their customers.

The *personality* part of the models show that Lamborghini is more of a loud Italian than the responsible Volkswagen mother and daughter brands. While the Volkswagen Group and the Volkswagen Passenger Cars are considered mature and innovative, the Lamborghini brand is perceived as edgy and dynamic. What can be seen in both the mother and the daughter brands are ambition and a drive to reach higher. Continuous improvement is important, whether it is in the emotional aspect of the brand as with Lamborghini, or in the strive for better reliability as with the Volkswagen Group and the Volkswagen Passenger Cars.

In the *relationship* facet there are clear differences as well. Lamborghini is considered to be the moody friend, the rebel that does not obey the rules. The Volkswagen Passenger Cars brand, on the other hand, is family-oriented, ensuring the customer that the car will take them everywhere they want with utmost responsibility and security. In this facet the mother brand does not offer an exchange between the brand and its consumers in the same way the daughter

brands do. Instead, the mother brand reaches out to other stakeholders, such as investors and owners.

*Culture* is a wide aspect of the Brand Identity Prism. As can be seen in the table above, a clear difference exists between Lamborghini and the other brands. First of all, both Volkswagen brands embrace a German culture, with responsibility at its core. The name Volkswagen, "people's car" in German, shows that the cars are to be used by everyone, the people. The Lamborghini name, on the other hand, comes from Italian heritage and has an upper-class connotation. The Lamborghini culture strives for excellence in the emotions of its customers. However, it also has a sustainability aspect that it shares with its mother brand. Therefore, the biggest similarity between all three brands is that they all include sustainability in their cultures.

The *reflection* facet shows that the Volkswagen Passenger Cars is perceived as a car for people who are environmentally responsible, reliable and enjoy German quality. Seeing as the corporate brand does not have a reflection in the eyes of the customers in the same way as its product brands, an analysis of it is not made in this part. Again, there exists numerous differences between the Lamborghini brand and the Volkswagen Passenger Cars brand. The main differences are that a person who buys a Lamborghini is perceived to be more aggressive and pushy than a person who buys a Volkswagen and that Lamborghini personifies dramatic qualities and is therefore not as responsible as Volkswagen.

Lastly, the *self-image* facet is once again not analysable in the mother brand, as customers buy the product brands (the cars) and not the corporate brand. If a customer buys a Volkswagen passenger car their *self-image* includes confidence and safety. They feel stylish yet reliable and a sense of

trustworthiness can stem from owning a Volkswagen. The customers who buy a Lamborghini, on the contrary, feel exclusive and upper class. They perceive themselves to be of higher standard and more autonomous as if no one is holding them back.

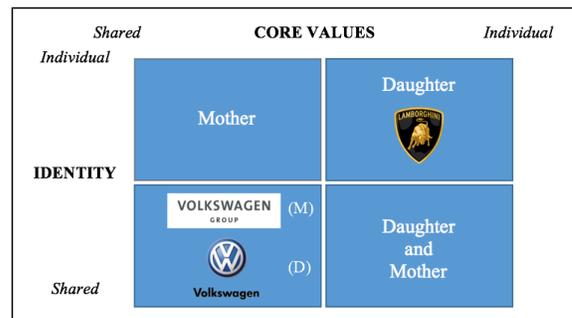
*Brand roles of Volkswagen and Lamborghini within the corporate brand architecture*

The comparison in table 1 shows that the brand identity of Volkswagen Group has many similarities with Volkswagen Passenger Cars in all the comparable facets of the prism. In fact, the brands' personalities and cultures are almost identical. Moreover, even for the incomparable facets, referring to the Volkswagen Group brand core in the CBIM in figure 8, essential aspects such as being German, environmental responsibility and reliability are completely shared by the Volkswagen Passenger Cars brand. Thus, both models have revealed a common identity and core values between the two brands.

On the contrary, Lamborghini is significantly different in its brand identity facets. In fact, only the sustainability aspect within the culture facet is present both in the corporation and the daughter brand. As stated before, the sustainability aspect plays a big role in the identity of Volkswagen Group, as it is reflected in all of the different elements of the Corporate Identity Matrix, being a core value and simultaneously part of the corporate culture. However, in the Lamborghini identity, sustainability is only one aspect of the culture and the brand gives more importance to other values such as luxury and Italian heritage. Hence, we can conclude that Lamborghini has both an individual identity, as well as individual core values in relation to its mother.

To apply the above results in Urde's (2015) brand architecture framework, we consider that the culture facet of Kapferer's Brand Identity Prism represents the core values the

brand stands for (Kapferer, 2008) while the identity is the result of the whole prism. Thus, in figure 11 the positions of Lamborghini and Volkswagen Passenger Cars show the relationship to their mother brand Volkswagen Group according to the dimensions 'identity' and 'core values'. While Lamborghini is an independent daughter brand, Volkswagen Passenger Cars is deeply related to its mother brand with shared core values and identities.



**Figure 11:** Volkswagen Group brand architectures - Urde (based on Urde (2015))

When applying the results of the analysis to Kapferer's model of brand architecture, we consider similarities in the brand prism facets in correlation to a high degree of coherence. On the other hand, dissimilarities will be a sign of a high degree of freedom for the daughter brand from its mother. Consequently, Volkswagen Passenger Cars is considered having a high degree of coherence based on numerous similarities to its corporation, while Lamborghini having a high degree of freedom due to its various dissimilarities to Volkswagen Group.

Additionally, the analysis of the brands' websites allows conclusions on the branding level of the relationship. Lamborghini hides the relation to the Volkswagen Group on its website and focuses on communicating its Italian heritage, luxury and exclusivity. Therefore, it has a one branding level with an independent positioning from the mother brand. On the contrary, Volkswagen Passenger Cars shows its connection to the

Volkswagen Corporate brand and both brand names are visible on the website. Thus, this daughter exists on a two branding level.

In conclusion, when looking at the relationship between Volkswagen Group and Lamborghini, the brand architecture is that of a product brand. However, if we focus on the relationship between Volkswagen Group and Volkswagen Passenger Cars the brand architecture is that of a source brand. These relationships can be seen in figure 12.

The results obtained from Kapferer’s brand architecture model are in line with those obtained applying Urde’s mother and daughter brand architecture framework. In fact, even though they rely on different variables, the characteristics of a source brand mirror the ones of a mother and daughter architecture and the characteristics of a product brand reflect those of a daughter structure.

## Conclusions and results

The results of our analysis lead to the answer of our research question, “*What different types of brand architectures can exist within a corporation with regards to its mother-daughter relationships?*”. In fact, even though in literature different models of brand architectures try to classify corporate brands, such as the Volkswagen Group, in a specific structure, our research demonstrates practice is different. When looking at the relationship between the Volkswagen Group and Lamborghini brands, the brand architecture results in a product brand with Kapferer’s model (2012) and in a daughter structure with Urde (2015). At the same time, the analysis of the relationship between the Volkswagen Group and Volkswagen Passengers car brands, leads to a source brand architecture according to Kapferer (2012) and in a mother and daughter structure according to Urde (2015). Thus, the results of both brand architecture models are in line.

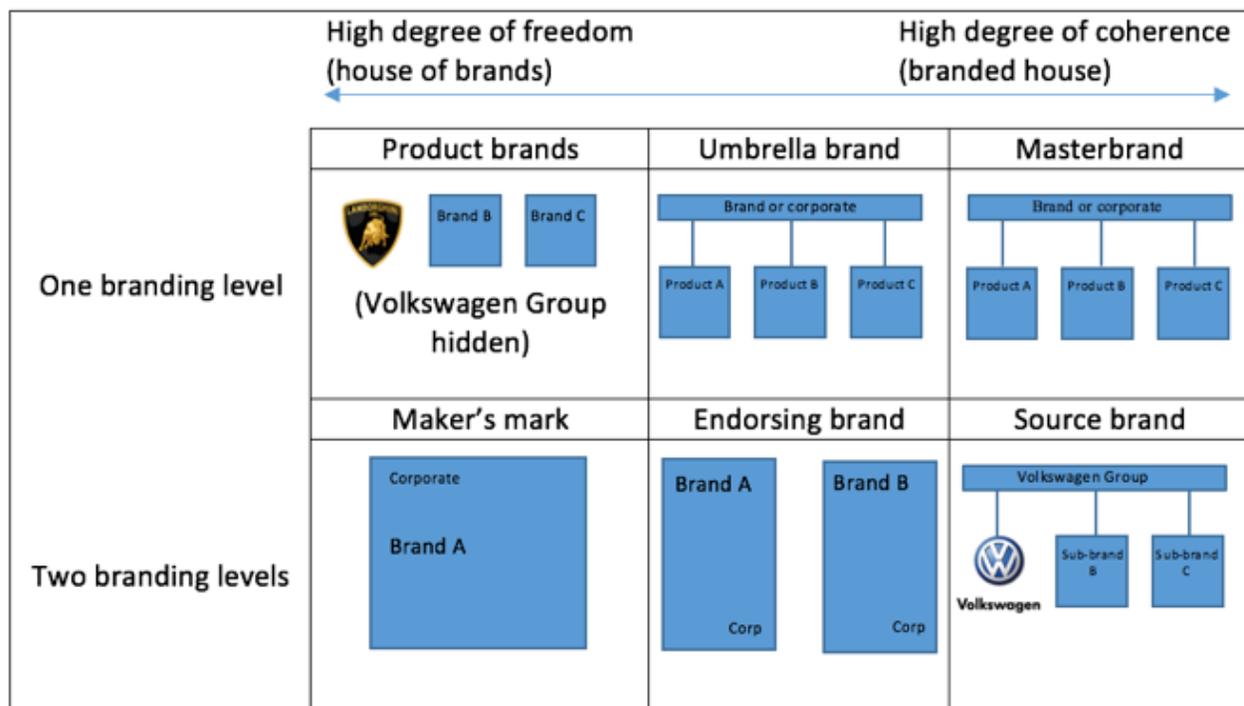


Figure 12: Volkswagen Group brand architectures - Kapferer (based on Kapferer (2012))

In conclusion, a variety of different architectures offered by the literature can be found within a given corporation. Our research shows, that it is possible to find extremely diverse brand structures when comparing specific mother-daughter relationships.

### **Limitations and recommendations for future research**

We decided to limit our research to a multiple case study of the Volkswagen brand, but there is more information to be analysed in the area of mother-daughter relationships. Seeing as we did a study on one mother brand and two daughter brands, we would recommend future research to continue the analysis within the same brand portfolio. Further research can also be made to uncover what more differences and similarities there are for the brands analysed in our case study. A longitudinal case study can also be conducted to see how mother-daughter relationships evolve over time. A substantial limitation of our study was the lack of time to collect primary data and the word count limitation. Our research has provided a base for more in-depth and qualitative research within the field of strategic brand management.

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