Abstract
Due to the new Web-based forms of communication and customer interaction, the Internet directly impacts corporate branding strategies through the concept of e-branding. Further, the Internet may alter the cost—benefit ratio of additional brands in the offline world, thus indirectly creating the need to adapt the offline brand structure. In those industries in which e-commerce plays or will play a significant role in the design of business processes, the Internet is expected to have a strong impact on the offline brand structure and to lead to a stronger interdependence of brand structure, IT structure and organizational structure. This paper discusses direct and indirect interdependencies of these three elements by placing them in a polygon of influencing factors to arrive at the concept of e-adequate branding. Instead of creating a pure e-brand or merely transferring offline branding to the Internet, it is vital that the offline brand structure be designed in a manner compatible with the online environment. Moreover, e-adequate branding entails a brand structure capable of exploiting the new potentials provided by IT and aligned with the company’s IT structure and organizational structure.

Keywords: e-branding, e-adequate branding, brand structure, organizational structure, IT structure

INTRODUCTION
After the Internet hype in the late 1990s, fewer and fewer attempts have been made to create pure e-brands that are built exclusively on the Internet. Only a small number of companies, e.g., AOL, Amazon or Yahoo, have managed to establish pure e-brands successfully (e.g., Hupp 2002; Mahajan et al. 2002). A comparison of these companies with less successful ventures — many of which have either filed for bankruptcy or have been taken over — reveals that even successful companies have taken years to become profitable, and that collapses are in many cases attributable to malfunctioning logistics and the resulting increases in fixed costs. Another factor hindering the emergence of pure e-brands is the lack of trust on the part of the customers, particularly regarding legal issues and payment security on the Internet (Hoffman et al. 1999; Kalakota and Whinston 1996; Light 2001; Udo 2001). The failure of numerous business models that were dependent on customer confidence has shown that building customer relationships is difficult without any ‘offline contact’ (including personal contact as well as conventional advertising media and physical outlets, e.g., Varadarajan and Yadav 2002).
For those companies with already well-established offline brands there must be a compelling reason for launching a separate Internet brand. Such reasons may include:

- Target groups on the Internet and in the offline world are completely different and incompatible (Mei-Pochtler and Großmann 2000).
- Inter-channel conflicts have to be eliminated. The Schwarzkopf brand of cosmetics, for example, has launched a separate brand on the Internet, partly because it did not want to irritate its bricks-and-mortar commercial partners (cf. Specht 2001).
- The core business of the brand takes place on the Internet (e.g., search engines for the WWW like www.google.com or www.altavista.com). Here, pure e-brands may signal superior competence to consumers.
- A very specialized offering would remain unnoticed on the website of a large corporate brand (e.g., a special mortgage offer on the website of a large bank).

In general, however, online branding increasingly mirrors offline branding, with traditional offline brands sometimes being complemented with one or two pure e-brands (Brandmeyer 2001; Müller 2001).

However, the Internet provides an impetus for changes in the brand structures of many companies. Defining brand structure as the number and roles of brand names that a company uses for its range of products and the target groups or target markets it serves and the relationships among these brands (cf. e.g., Aaker and Joachimsthaler 2000a, p. 134; Esch 2003, p. 251; Kapferer 1999, p. 187; Laforet and Saunders 1999; Sattler 2001, p. 66), leaves companies with two questions to answer:

- Question 1: How many brands should be used in the bricks-and-mortar world? For example, a company marketing two products, may (1) sell both products under a common corporate brand (corporate-brand strategy); (2) use a separate brand for each of the two products (multibrand strategy); or (3) combine the former two strategies, with the two products bearing both the corporate brand name and a sub-brand of their own (dual-branding strategy, cf. e.g., Aaker and Joachimsthaler 2000a; Esch and Bräutigam 2001). Classic examples of a corporate-brand strategy are, for example, General Electrics, Nokia or UBS. Companies pursuing a typical multibrand strategy include Procter & Gamble (with brand names like Ariel, Punica, Tempo or Pringles) or Unilever (e.g. Dove, Omo, Magnum, Lipton, Knorr). Automobile brands frequently adopt dual-branding strategies (e.g. Fiat Punto, Renault Espace etc.).
- Question 2: Does the company use the same brands online and offline or does it create new brands for the Internet?

Depending on the answers to these two questions, the brand structure of the hypothetical company mentioned above may consist of either:

- a single brand (the same brand offline and online for both products, see Strategy 1 in Figure 1);
- two brands (the same brand for both products but a separate Internet brand; or a separate brand for each product used online and offline, see Strategies 2 and 3 in Figure 1); or, in extreme cases,
- four brands (different brands offline and online and for each product, see Strategy 4 in Figure 1).

Due to the new Web-based forms of communication and customer interaction, the Internet impacts not only the number of brands by means of additional e-brands (Question 2), but may also alter the cost — benefit ratio of additional brands in the offline world (Question 1), thus indirectly changing the brand landscape. Based on previous research, this paper sets out to demonstrate that:

- brand structure, IT structure and organizational structure form a polygon of interdependent forces together with corporate strategy, organizational processes and corporate culture; and
- the direct and indirect interdependencies in this polygon increase as e-commerce gains in importance. For the purpose of this paper, e-commerce is defined

![Figure 1. Four basic strategies for the design of the online and offline brand structure of a hypothetical company](image-url)
as ‘business occurring over open, non-proprietary networks, including dedicated infrastructure, value generating activities within firms, suppliers and customers’ (OECD 2000).

The paper thus contributes to the understanding of the relationship between IT structure and brand structure. Although this issue has important practical implications, it is relatively unexplored. Previous research has focused primarily on the influence of new web-based forms of communication and customer interaction on the optimal strategy of a single brand (e.g. Aaker and Joachimsthaler 2000a, p. 228; Baumgarth 2001, p. 295; Diller 2001; Kania 2001). However, companies exhibiting a highly differentiated brand structure are faced with the question of how the new forms of communication and customer interaction impact the efficiency and effectiveness of their brand structures as a whole, i.e. the number and roles of their brands and the relationships among them. To the best of our knowledge, this paper is the first to examine this issue systematically. Assuming that — as argued in this paper — the direct and indirect interdependencies between IT structure and brand structure increase as e-commerce gains in importance, it will be necessary for companies whose success hinges on e-commerce to adopt a holistic point of view that incorporates these interdependencies when they design their IT structure as well as their offline and online brand structure.

The concept of e-branding thus broadens into the concept of e-adequate branding put forward in this paper. Instead of creating pure e-brands or merely transferring offline branding to the Internet, e-adequate branding can be defined as the conceptualization and management of a brand structure that: (1) satisfies the requirements of the offline world, responds to the needs and recognizes the opportunities of the online world and in particular e-commerce; (2) taps the full potentials of cross-selling and up-selling created by IT; and (3) is aligned with the IT structure and the organizational structure of the company.

This paper begins with a discussion of a polygon of six influencing factors relevant in this context. It then looks at selected interdependencies among these factors and examines the impact of the Internet and e-commerce on them. Close attention is paid to the relationships among three structural components, including organizational structure, which is here defined as the ‘design of the organization through which the enterprise is administered’ (Chandler 1962/1991, p. 14), IT structure, which includes IT components, the human IT infrastructure, shared IT services as well as shared and standard applications (Weill and Vitale 2002), and brand structure, with a view to establishing criteria for e-adequate branding. The four basic strategies for the design of online and offline brand structures introduced above are then assessed against these criteria.

BRAND STRUCTURE, IT-STRUCTURE AND ORGANIZATIONAL STRUCTURE WITHIN A POLYGON OF INTERDEPENDENT FORCES

From a holistic perspective, it is vital to analyze the interdependencies between the three structural components organizational structure, brand structure and IT structure within a larger polygon of interdependent forces, the most important being corporate strategy, corporate culture and organizational processes (DeLisi 1990; see Figure 2). A lot of research has been carried out on the intensity and direction of the interdependencies in this polygon, for example between corporate strategy and organizational structure (e.g., Chandler 1962/1991), strategy and culture (e.g., Gurau et al. 2003), culture and structure (e.g., Elsmore 2001), culture and processes (e.g., Doherty and Perry 2001; Elsmore 2001), culture and IT structure (Doherty and Perry 2001; Moreton and Chester 1997; Stowell and West 1994), and structure and processes (e.g., Galbraith 1974; Hansotia 2002; John and Martin 1984). This paper does not mean to lessen the importance of other relationships in this polygon when it focuses on selected direct and indirect interdependencies which interact with the three structural components, i.e. organizational structure, IT structure and brand structure. The interdependencies discussed are numbered consecutively in Figure 2. Direct interdependencies among organizational structure, IT structure and brand structure are marked with numbers only, indirect interdependencies with numbers and the letters ‘a’ or ‘b’.

Organizational Structure and IT Structure

The interdependency between IT structure and organizational structure has been the subject of many academic studies. The literature states a number of reasons for a mutual, direct impact (see relationship 1 in Figure 2). Numerous IT projects have failed not for technical reasons but rather because organizational aspects were not paid enough attention to (e.g., Cabrera et al. 2001, p. 245; DeMarco and Lister 1999; Gillies et al. 2002). Especially with the Internet as an enabling technology and e-commerce as an application (or sum of applications) based upon it, the two have been identified as the major drivers of the growing interdependency between IT structure and organizational structure in the past few years (Grant 2003; Weill and Vitale 2002; Willcocks and Plant 2001). Structural changes are mainly the result of changes in the value chain, since the acquisition of information across processes enables managers to oversee the entire value chain (e.g., Rapport and Siowoka 1995). Similarly, Porter (2001) argues that the Internet makes it possible to reshape existing industries, which he regards as necessary from a cost-centred perspective.

The close interconnectedness of organizational structure and processes often makes it difficult to distinguish between a direct interdependency of IT structure and
organizational structure on the one hand and an indirect interdependency created by a change in organizational processes on the other hand (see relationships 2a and 2b in Figure 2, e.g., Broadbent and Weill 1999; Markus et al. 2002). Information structure is an enabling technology for numerous business processes (see Eatock et al. 2002 for empirical research). Thus, a market-driven change in business processes, for example the implementation of an e-CRM system (Hansotia 2002), has a fundamental impact on the organizational structure (cf. Asch and Salaman 2002). Especially those companies that have had to adapt their internal processes and structures to the requirements of e-commerce in the past years need to reengineer their own business processes (Timmers 1998). In a survey among 310 CIOs, Weiber and Adler (2002) found that the primary reason why investment in IT infrastructure did not pay off was that the companies had failed to adapt their organizational processes to the new IT structure. Failing to align IT structure with organizational processes was found to be even more detrimental to the success of e-commerce projects than a lack of consumer acceptance. Hence, business models that assign an important role to e-commerce always need to optimize IT structure, organizational structure and organizational processes simultaneously in order to reengineer value-generating processes in an efficient manner.

Brand Structure and Organizational Structure

Brand structure and organizational structure are intertwined both directly (see relationship 3 in Figure 2) and indirectly as a result of the relationships in the polygon of interdependent forces (e.g., Douglas et al. 2001; Gruca et al. 2002, p. 61; Malone 1987; Petromilli and Morrison 2002).

In practical terms, the interdependency between brand structure and organizational structure becomes evident when one of the two elements is altered. The impact of brand structure on organizational structure can be studied by looking at companies that are consolidating their brand structures. Many companies have broad brand portfolios, which have either grown historically (e.g., as a result of acquisitions or international expansion) or have been purposively created in order to reap the benefits of a multibrand strategy. Unlike the use of a single brand, multibrand strategies make it possible to work individual, even heterogeneous market segments (e.g., Esch 2003, p. 253; Kapferer 1999, p. 281) and target countries (Keller 1998, p. 556; Köhler 2001) very closely, to avoid undesired image spillovers among incongruent product groups (Aaker and Joachimsthaler 2000a, p. 124; Schweiger 1982), to enable variety-seeking consumers to switch brands within the company’s brand portfolio (Kotler and Bliemel 1999, p. 710), to increase flexibility and spread risks (Malone 1987; Meffert 2002),

Figure 2. Brand structure, IT structure and organizational structure within a polygon of interdependent forces

Note: Bold lines and numbers highlight relationships discussed in the paper. Direct interdependencies among brand structure, IT structure and organizational structure are marked with numbers only, indirect interdependencies with numbers and letters ‘a’ or ‘b’.
to avoid channel conflicts (Aaker and Joachimsthaler 2000a, p. 126), and to differentiate prices internationally with a low risk of arbitrage phenomena (Melwisch 2001). However, these advantages are potentially offset by higher costs arising from a multibrand strategy (e.g., Sattler 2001; Smith and Park 1992). In recent years, this drawback has become more serious due to the mounting information overload on the part of consumers and declining media efficiency, which makes it increasingly difficult to position and maintain a brand in consumers’ minds lastingly (e.g., Aaker and Joachimsthaler 2000b; Douglas et al. 2001; Rubinson 1994). In Germany, for example, the number of patent applications for brands at the German Patent Office in Munich more than doubled from approximately 30,000 in 1988 to approximately 69,000 in 1998, with service brands accounting for more than one third (Bruhn 2001; Meffert et al. 2001). These new brands add to the existing 56,000 actively promoted brands (Esch 2001). Due to this ‘communicative noise’ it is becoming increasingly expensive to promote a brand, which reduces the cost effectiveness of a multibrand strategy compared to a corporate-brand strategy or dual branding. Thus, many companies are about to streamline their brand structures: (1) by consolidating brands internationally; (2) by focusing on a few ‘power brands’; or (3) by integrating multiple individual brands under a single corporate brand (Esch 2001). A well-known example of an international brand consolidation in the past years is *t-mobile*, which replaced the national brands *VoiceStream Wireless* (USA), *DI* (Germany), *One2One* (UK), *Max.Mobil* (Austria) and *RadioMobil* (Czech Republic). Further cases in point are the brands *AXA* and *Orange*. As part of its ‘power-branding’ strategy, *Unilever* is trying to cut the number of brands worldwide from 1,200 to approximately 400, focusing on less than a dozen international lead brands (e.g., Jenner 2001, p. 55). Similarly, *Electrolux* plans to reduce its currently 50 brands to a small set of strong brands (Johanson 2001). Conversely, conglomerates like *Henkel* or *Nestlé* are striving to supplement their numerous national or individual brands for product lines with a strong corporate brand. A risk inherent in all forms of brand restructuring is that the companies fail to completely transfer the value customers and employees attach to the migrated brands to the new brand structure (e.g., Aaker and Joachimsthaler 2000a, p. 125; Aaker and Joachimsthaler 2000b). Mergers and acquisitions typically reverse the direction of the influence (i.e., from organizational structure to brand structure, e.g., Knudsen et al. 1997). After acquisitions, the brands of the acquired company may be supplemented by or replaced with the brand(s) of the acquiring company. Mergers may result in composite or newly created brands. Whether it is beneficial to the acquiring company to maintain, integrate or discontinue the product or corporate brands acquired strongly depends on their particular circumstances (e.g., Capron and Hulland 1999; Petromilli and Morrison 2002). All forms of brand restructuring demonstrate the direct interdependency between brand structure and organizational structure. For example, brand consolidation usually results in a stronger centralization of the marketing functions (e.g., Johanson 2001; Melwisch 2001), which is in line with theoretical predictions regarding the interdependency of brand structure and organizational structure. Thompson (1967, p. 54) describes three types of interdependence among the units, divisions, or groups of a company: (1) pooled interdependence where each unit/group contributes to the whole by operating relatively independently; (2) sequential interdependence where asymmetric interdependence exists among groups; and (3) reciprocal interdependence describing a two-way relationship where the output of one unit/group becomes the input to another and vice versa. As opposed to a multibrand company where pooled interdependence is the dominant form of interrelationship among different brands, a corporate-branding strategy clearly creates reciprocal interdependence (cf. Malone 1987) — if product A, product B and product C all carry brand name X, any success or failure of product A has a direct impact on the successes of products B and C (e.g., Loken and Roedder-John 1993; Roedder-John et al. 1998; Sullivan 1990; Swaminathan et al. 2001; Wernerfelt 1988). Among the three types of interdependence, reciprocal interdependence is the most costly and the most difficult to coordinate (Thompson 1967). Thus, corporate-branding strategies, *ceteris paribus*, require a higher level of coordination and integration of the different units of the company, which is typically achieved by structural mechanisms such as formalization, hierarchy, and centralization (cf. e.g., Ensign 1998). Analogous to the organizational structure, communication and information flows in the company change in a like manner. This results in an indirect interdependency between brand structure and organizational structure via organizational processes (see relationships 4a and 4b in Figure 2, e.g., Chandler 1962/1991; Malone 1987). In addition, brand structure and organizational structure are indirectly linked to each other through corporate culture (see relationships 5a and 5b in Figure 2, e.g., Kapferer 1999, p. 101). The latter is defined as ‘the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them norms for behavior in the organization’ (Deshpandé and Webster 1989, p. 4). For one, the brand structure has an indirect impact on corporate culture by changing the organizational structure and processes. Those brand structures that demand a more centralized organizational structure and more complex processes foster the emergence of a more mechanistic corporate culture (cf. Berthon, et al. 2001, p. 139; Cameron and Ettington 1988, p. 356). For another, the brand structure shapes corporate culture and is thus able to influence the organizational structure. Using a multibrand strategy may create informal cultural barriers within the company, thereby reinforcing formal structures (Petromilli and
A single corporate brand, by contrast, offers both the opportunity and the challenge of creating a sense of belonging together among employees (e.g., Meffert and Bierwirth 2002). Furthermore, separate departments, e.g. for online and offline branding, quite often develop divergent sub-cultures within the marketing department and tend to favour different positionings of the brand, which eventually blurs the brand’s image (Aaker and Joachimsthaler 2000a, p. 245; Nickel 1999; Petromilli and Morrison 2002).

A third and final indirect interdependency between brand structure and organizational structure is established through their common link to corporate strategy (see relationships 6a and 6b in Figure 2). Corporate strategy may be defined as ‘the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals’ (Chandler 1962/1991, p. 13). Corporate strategy is heavily intertwined with both organizational structure (Baligh et al. 1996; Chandler 1962/1991, p. 14) and brand structure (Esch 2001; Petromilli et al. 2002). According to Miles and Snow (1978) an organization’s strategy can be characterized as reactor, defender, prospector or analyzer. Each of these strategies is associated with particular corporate structures and thus also brand structures. For example, prospectors are organizations that almost continually search for market opportunities and regularly experiment with potential responses to emerging environmental trends (Miles and Snow 1978, p. 29). Such organizations tend towards decentralized and changing organizational structures and product-based brand structures (see also Baligh et al. 1996).

**IT Structure and Brand Structure**

As discussed above, a company’s brand structure can be characterized along two dimensions (see Figure 1):

1. the dimension ‘Differentiation between online and offline brands’; and
2. the dimension ‘Differentiation among different categories of products and services’.

A third dimension is applicable to companies operating internationally, since their brand structures may or may not be geographically differentiated.

As pointed out above, brand structure and IT structure are indirectly interdependent in several respects (Figure 2), primarily because they are both interrelated to organizational structure and organizational processes.

A direct interdependency between brand structure and IT structure (see relationship 7 in Figure 2) results from the representation of those information flows relevant to marketing, especially the structure of the customer database (Rajola 2003). Therefore, changes in the brand structure, for example, as part of a brand consolidation initiative, may require changes in the IT structure over and above the indirect changes caused by a redesign of the company’s structure and processes (Brand-driven IT restructuring, see Figure 3).
Conversely, technological innovation as an enabler of marketing may lead to an IT-driven brand restructuring in at least three ways. First, modern e-CRM solutions have lowered the marginal costs of individualized customer service considerably, thus enabling companies to personalize relationships even with small customers and customize interactions according to their preferences (e.g., Diller 2001). Data from multiple interfaces between companies and customers can be integrated and consolidated in one data warehouse, thereby avoiding redundancies (Chen et al. 2000). Behavioral patterns can be detected that may help companies to assess the buying rationale of their customers (Kendrick and Fletcher 2002). All of this increases the opportunities of exploiting synergies among individual product and service categories. If the data are gathered in different product divisions, it is possible to identify the most valuable customers who use several of the company’s products or services or might do so in the future. This potential may be conducive to an IT-driven brand restructuring. As Rajola (2003, p. 114) has shown in a comprehensive qualitative study, structures should be customer-focused rather than product-focused in order to seize the opportunities of cross-selling and up-selling provided by e-CRM. For this reason, a big Germany-based insurer is planning to switch its brand structure from product brands (for individual insurance products) to target-group brands while at the same time strengthening its corporate brand. Similarly, a European car manufacturer pursuing a multibrand strategy merged the customer databases of its various brands in the year 2002 and now actively cross-sells among these brands. According to the brand managers involved, this might lead to a further internal and external convergence of the manufacturer’s brands.

Second, brand management on the Internet does not follow the same rules as in the offline world, since brand awareness and brand trust tend to play a more vital role in the online world (cf. Brynjolfsson and Smith 2000; Urban et al. 2000). Thus, differentiating between online and offline brand structures is often not recommendable, as pure e-brands incur relatively higher advertising expenses to achieve the same level of brand trust and brand awareness (Brynjolfsson and Smith 2000, p. 579). To assess the impact the Internet has on the dimension ‘differentiation among different categories of products and services’, separate analyses of the factors ‘brand trust’ and ‘brand awareness’ are necessary. As for the impact of brand awareness, there are essentially two types of purchasing decisions (Keller 1998, p. 88): those that require an active brand recall on the part of the customer, since customers create an awareness set of brands in their minds (Kotler and Biemel 1999, p. 340; Nedungadi 1990); and those that require only passive brand recognition (Kroeber-Riel and Weinberg 1999, p. 354; Percy and Rossiter 1992), for example, in supermarkets or online stores where customers encounter the brands offered without the need to think. Considering these two types of purchasing decisions for a certain product both offline and online gives rise to four possible scenarios as shown in Table 1.

Since active brand recall requires a higher level of cognitive accessibility and thus a higher frequency of brand exposure than brand recognition (Assael 1984, p. 80; Higgins 1989), corporate branding strategies outperform multibrand strategies when it comes to active brand recall, as the former is able to accumulate brand exposure, for example, by means of advertising and product experience from different product groups (Balachander and Ghose 2003; Erdem and Sun 2002; Esch 2003, p. 252). For Scenarios 2 and 3, this could mean that in the online world the desirable degree of differentiation of the brand structure is different from that in the offline world. We assume that Scenario 2 is more common than Scenario 3. In many cases, passive brand recognition may have sufficed in the bricks-and-mortar world, as customers automatically encounter the brand at the point of sale, but a high level of (active) brand recall is often absolutely vital in the online environment (Diller 2001, p. 75; Gallaugher 1999): In 61% of cases, online users view the websites of ‘old-economy’ brands by entering the URL in the browser window (Mei-PoKottler and Großmann 2000). Other estimates even suggest a rate of 70% (Jarchow 2002). This puts small brands at a disadvantage, as they typically achieve a high level of brand recognition but only a low level of brand recall (cf. e.g., Gallaugher 1999; Kapferer 1999, p. 137). Previous research has also shown that brand trust is of greater importance on the Internet (Brynjolfsson and Smith 2000; Kwak 2001; Merrilees and Fry 2002; Urban et al. 2000), which indicates that at a given size of the company’s portfolio of products and services the optimal number of brands in the online world may be lower than that in the offline world (cf. Dacin and Smith 1994; Erdem and Sun 2002; Esch 2003, p. 260; Meyvis and Janiszewski 2002; Sheinin and Schmitt 1994; Strebing 2002, 2003; Wernerfelt 1988). Together, the factors ‘brand awareness’ and ‘brand trust’ suggest that the optimal degree of differentiation of the brand structure according to products and services will, in many cases, be lower on the Internet than in the offline world (cf. e.g., Evans and Wurster 1999). If this leads to substantial inconsistencies between the optimal brand structures offline and online,

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a reasonable compromise has to be sought between the needs and requirements of the online world and those of the offline world. The more critical e-commerce is to the success of the brand, the more likely is this compromise to fit in with the requirements of the online world.

Third, regarding the international dimension of brand structure, new technological opportunities may provide customers with better, faster or cheaper products and services. To market these services, a brand consolidation may be necessary or beneficial. Especially if a global integration of IT enables customers to make use of the company’s services in different countries, it may be advisable to signal this value added to customers through a new, international brand. Otherwise, if companies maintain different brands although their services have been consolidated, there is the danger that customers do not perceive or understand the new opportunities correctly.

E-ADEQUATE BRANDING

Based on the above discussion, e-adequate branding can be characterized by the following three criteria:

1. The brand structure is a reasonable compromise between the needs and requirements of the offline world and those of the online world. The more important e-commerce is, the more closely does the design of the offline brand structure have to meet the needs of the online environment. Assuming that brand awareness and brand trust are more important online than offline and that one broad brand is superior to many individual brands in these two features, a high level of importance of e-commerce will, in some cases, entail the need to reduce the number of offline brands, too.

2. Brand structure and IT structure are aligned in a manner that helps to exploit the new technological opportunities, benefiting both the company and its customers. E-commerce, (e-)CRM and the globalization of back-office operations enable companies in some industries to render new or better services to customers (see e.g., Gummesson 2002). Typically, this goes hand in hand with a brand structure focused on target groups rather than products (Rajola 2003) and an international brand consolidation in order to offer new, IT-supported services convincingly.

3. The alignment of brand structure and IT structure has to consider the numerous indirect interdependencies encountered in the polygon of interdependent forces, particularly in connection with corporate strategy, corporate culture and organizational processes. An increased importance of e-commerce strengthens the interdependencies among these forces, as companies can only benefit from a frictionless flow of information within the organization if they align all components (Gillies et al. 2002; Weiber and Adler 2002). From this holistic perspective, it is not feasible to optimize solely one of these aspects.

The above elaborations are subject to three limitations. First, the strengths of the relationships among organizational structure, IT structure and brand structure and thus the need for e-adequate branding may vary, as mentioned above, according to the importance of e-commerce for the company or the industry. While these three elements have to be closely aligned in financial services or telecommunications (e.g., Simon 2001), it will be a viable option to leave brand structure and IT structure only loosely aligned for many types of fast-moving consumer goods. Second, for the sake of clarity, this paper concentrates only on selected relationships in the polygon of interdependent forces. However, including additional relationships would obviously add weight to the proposed interdependencies among brand structure, organizational structure and IT structure. Ultimately, it needs to be stressed that harmonization is not equivalent to standardization (Britt 2002), but refers to the careful alignment of organizational structure, IT structure and brand structure. This may but does not necessarily result in standardization. As the experience of the past years has shown, it is essential to look ahead. Instead of following fads, which have alternately advocated centralization and decentralization of both brand structure and IT structure, companies have to assess the development that each of the three elements may undergo in their organizations. If technological innovation, mergers or simply rising cost structures are likely to lead to a change in one of the three elements, the other two elements must be flexible enough to lend functional stability and sustainability to the polygon of interdependent forces.

Within these limitations, the concept of e-adequate branding provides a framework for assessing the four different strategies discussed in the introductory section of the paper (see Figure 1). The three criteria for e-adequate branding clearly show that basically none of the four strategies is superior to any other under all circumstances. Strategy 1 uses one brand for all products and services the company offers offline and online. This strategy evades contradictions between the offline and the online world, maximizes the efficiency and effectiveness of the brand regarding brand awareness and brand trust in the online world, and fosters a clear organizational structure, which is supported by a consistent corporate culture and encourages a continuous flow of information. A major drawback is low flexibility, which makes this form of standardization a viable strategy only for environments that are not very dynamic (Miller 1991). In addition, Strategy 1 forgoes the advantages a multibrand strategy provides, especially for the offline world. Although Strategy 2 offers these advantages, its individual brands, unless they are very large, are less efficient and less
effective online. Furthermore, this strategy needs to be examined for weaknesses and deficiencies which may occur in the organizational structure, the IT structure or organizational processes as a result of the differentiated brand structure and which may reduce the opportunities of cross-selling and up-selling. Decisive factors in the choice between Strategies 1 and 3 are thus how vital e-commerce is to the success of the brand, how critical brand trust and brand awareness are in purchasing decisions online and offline, and how heterogeneous the company’s target groups and markets are. A differentiation between online and offline brand structures, as envisaged by Strategies 2 and 4, is only advisable in a few rare cases, e.g. when a company markets completely different products to completely different target groups online (e.g., Mei-Pochtler and Großmann 2000), since drawbacks generally outweigh advantages. Dangers include limited possibilities of cross-selling and up-selling between online and offline customers; fractures of the organizational structure, organizational processes and corporate culture; and ultimately the forgone transfer of brand trust and brand awareness from the offline world to the Internet.

FINAL REMARKS AND FUTURE RESEARCH

For a long time, the majority of executives and investors have supported the notion that pure e-brands will in many cases replace old-economy brands or at least supplement them (Ind and Riondino 2001, p. 9). With the Internet hype over, an opposite view has gained ground. It is often assumed now that online brands should be — apart from a few exceptions — the result of a mere transfer of traditional offline brands to the online world. But also this assumption appears to be deficient. The concept of e-adequate branding presented in this paper is mid-way between these two extremes. E-adequate branding calls for a brand structure that simultaneously meets offline and online requirements. Further, the brand structure needs to exploit the opportunities provided by IT, which can be accomplished by aligning brand structure and IT structure. Ultimately, the brand structure should form one coherent and consistent whole together with organizational structure, corporate strategy, corporate culture, and the design of organizational processes.

Further research is needed to determine how different business models influence the intensity and direction of these interdependencies among brand structure, organizational structure and IT structure. In addition, it should be examined empirically how ignoring these interdependencies impacts organizational performance. A broad, interdisciplinary approach is required to study the impact e-commerce has on the relationships among brand management, organizational design and IT structure.

References


