Umbrella Branding and it's Relevance

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Abstract

In this hyper competitive environment every industry is seeking innovative ways to be a differentiator thereby have a competitive advantage**.** The companies not only have to increase their turnover of existing product line, increase the bottom line but also introduce new products. The key components that form a brand's tool box include a brand's identity, brand communication (such as logos and trade marks), brand awareness, brand loyalty.Umbrella branding is one of the marketing practice which launches a new product or even a product line under a famous brand name. The goal of this strategy is to increase a company's market share. The term is also known as family branding.Corporate Umbrella branding refers to a strategy wherein an organization utilizes the company's credibility while launching new products or services, as this lends brand recognition to various sub-brands.

This paper discusses about Umbrella branding and it's relevance in todays' era.Further this paper also discusses about Pros and Cons of Umbrella Branding.

Keywords: Umbrella branding, Relevance, Customers, Brand loyalty.

1. Introduction

In this hyper competitive environment every industry is seeking innovative ways to be a differentiator thereby have a competitive advantage**.** The companies not only have to increase their turnover of existing product line, increase the bottom line but also introduce new products. Therefore whatever be the nature of industry, size of the company or the type of market, creating strong brand image in the minds of the customers is a pre requisite to stay in the market. A brand is a name, term, design, symbol or any other feature that identifies one seller's goods or services is distinct from those of other sellers. The key components that form a brand's tool box include a brand's identity, brand communication (such as logos and trade marks), brand awareness, brand loyalty. The brands are built by experience and word of mouth advertising.

Nowadays managing brand equity has become a priority for companies. Brand equity is the incremental value added to a product by its brand name (Farquhar, 1989; Srivastava, 2009). According to Aaker (1991), brand equity is a multidimensional concept. It consists of brand loyalty, brand awareness, perceived quality, brand associations and other proprietary brand assets. These assets in turn provide benefits and value to the firm. According to the concept, brand knowledge is not about the facts of the brand, but all the thoughts, feelings, perception, image, experience and so on that become linked to the minds of the customer (actual or potential, individual or organisation), Leone et al. (2006). Brand association is defined as anything linked in the memory of the consumers to a brand, while brand awareness has been defined as accessibility of the brand in the customer's memory. Brand awareness along with strong brand associations forms a strong brand image. To be successful in the market with new products one of the brand extension strategies is Umbrella branding. Multiproduct branding strategy is when a company uses one name across all their products in a product class. When the company's trade name is used, multiproduct branding is also known as corporate branding, family branding or umbrella branding. Corporate Umbrella branding refers to a strategy wherein an organization utilizes the company's credibility while launching new products or services, as this lends brand recognition to various sub-brands.

Consumers may not be in a position to recognize the sub-brands, but they will definitely recognize the corporate umbrella brand. Companies like Starbucks, Virgin, and Google, Microsoft, Samsung, Apple, and Sony are examples of Umbrella branding. Umbrella branding is a technique where new products are launched under the same family or the umbrella name. Here, none of the products are disintegrated to form another umbrella and every product being introduced, is introduced under the parent umbrella. For example, in India Amul has a line for milk, butter, cheese, buttermilk, ice cream under the very same brand of Amul.

The main objective of any company is to satisfy the needs of the customer. Sales of goods and ultimate profit directly depend on marketing. No marketing activity carried out in today's competitive world can be a success unless its focal point is the customer. But understanding buying behavior of the customers is a vital aspect of marketing. In marketing, "the customer is not only the king but also the queen, the prince and the princess". The customer can choose any brand he wants. He can reject the brand also. So, customer receptiveness for the products is very essential for a brand, which will ultimately influence the market share of any organization.

In today's era the customers have abundant choices. If the product is different and innovative, then only the customers will buy those products. For the products to be sold in the market, it is essential that the customers should be aware about it and its brand. Branding is a strategy used to gain the acceptance of consumers and secure a competitive edge. There are different types of branding strategies like company name e.g. Apple, Mercedes Benz, Cadbury Dairy Milk, then individual branding e.g. Procter and Gamble which has Vicks, Whisper, Ariel, Tide, Pantene, Head and Shoulders, Pampers, private labels e.g. Big Bazaar, Vijay Sales, Hyper City, Crafts villa, D-Mart, etc. One of the branding strategies is Umbrella branding undertaken as a topic for study; which may be considered as brand extension, is used in a business to create a particular image of itself in the minds of current and potential customers. Umbrella branding is a marketing practice involving the use of a single brand name for the

sale of two or more related products. Umbrella branding is just like the father is the head looking over the children.

A concrete example of Umbrella branding is Apple. An Apple is an American multinational technology company which produces the products like i-phone, i-pad, mac book, mac book air, smart watch, etc. Apple had earlier developed only mac computers which were at the apex of the umbrella and now it has developed many more products like i-phone, i-pad, mac book, mac book air, smart watch, etc. Umbrella branding is a concept of "All for one, and one for all".

To enhance the marketability, umbrella branding provides uniformity to certain product lines by grouping them under a single brand name, maintaining high quality standard and thus making them more easily identifiable. Umbrella branding is very common across FMCG sector. Procter & Gamble,Unilever, PatanjaliAyurved Ltd., Dabur India Ltd. and The Himalaya Drug Company are some examples using umbrella branding as a branding strategy for the growth and development of their business in India.

2. Review of Literature

Howard Pong Yuen LAM in his article on the topic of umbrella branding has described about the success of using two brand names - thedual branding strategy. A suggestive sub-brand name helps consumers recall the key benefits and features of the new product. A suggestive parent brand name communicates the benefits of the product category. A dual branding strategy addresses the problem of using only one brand name for a new product launch. After the successful launch of the first new product by a parent brand, marketers are able to launch other new products under other sub-brand names in the future to meet different consumer needs.   Marketers may use the same parent brand to introduce different products to build scale for the brand, and are able to clearly differentiate the different product offerings under different sub-brand names.

Various theories like Categorisation theory, Schema congruity theory and Confirmation bias are described in the article to explain a consumer's decisions and judgements during product purchasing that cause umbrella branding to be a successful marketing strategy.

Rathod, P. (2017) presented a paper and explored the advantages and risks associated with Umbrella branding in selected companies. The study pertained to both secondary and primary data. The author concluded in his research paper titled "A study of umbrella branding strategies used by the selected companies for the promotion of related products" that there was easy acceptance of products by the customers under Umbrella branding despite some risks associated with the concept.

Erdem (1998) in his article titled "An Empirical Analysis of Umbrella Branding" in the Journal of Marketing Research, studied the processes by which consumers' quality perceptions of a brand in a product category are affected by their experience with the same brand in a different category. Further, the model was proposed and estimated evidently some of the basic consumer behavior premises of signaling theory of umbrella branding

(Montgomery and Wernerfelt 1992; Wernerfelt 1988). The author provided a framework to analyze the impact of marketing mix strategies in one product category on quality perceptions, consumer perceived risk, and consumer choice behavior in a different category. The model was estimated on panel data for two oral hygiene products, toothpaste and toothbrushes, in which a sub-set of brands shared the same brand name across the two product categories. The results showed strong support for the consumer premises of the signaling theory of umbrella branding. A related impact of umbrella branding on consumer choice is that umbrella brands decrease consumer perceived risk (Montgomery and Wernerfelt 1992) and therefore increase consumer utility.

3. Umbrella branding and it's Relevance

Additionally managing brand equity has become a priority for companies. Brand equity is the incremental value added to a product by its brand name (Farquhar, 1989; Srivastava, 2009). According to Aaker (1991), brand equity is a multidimensional concept. It consists of brand loyalty, brand awareness, perceived quality, brand associations and other proprietary brand assets. These assets in turn provide benefits and value to the firm. According to the concept, brand knowledge is not about the facts of the brand, but all the thoughts, feelings, perception, image, experience and so on that become linked to the minds of the customer (actual or potential, individual or organisation), Leone et al. (2006). Brand association is defined as anything linked in the memory of theconsumers to a brand, while brand awareness has been defined as accessibility of the brand in the customer's memory. Brand awareness along with strong brand associations forms a strong brand image. To be successful in the market with new products one of the brand extension strategies is Umbrella branding. Multiproduct branding strategy is when a company uses one name across all their products in a product class. When the company's trade name is used, multiproduct branding is also known as corporate branding, family branding or umbrella branding. Corporate Umbrella branding refers to a strategy wherein an organization utilizes the company's credibility while launching new products or services, as this lends brand recognition to various sub-brands.

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4. Pros and Cons of Umbrella branding

Pros of Umbrella branding

Umbrella branding has many pros such as the brand image of parent brand acts as differentiating factor for product in extremely competitive market, the extra cost of brand creation is not required, umbrella branding helps to create dependent perception about product as parent brand, the brands get abound in business. Umbrella branding helps to give positioning to product, the advertising and promotional efforts become cheaper for all the products falling under family brand. New product launch also becomes easier and cheaper and the new product finds ready recognition and market set up.

Cons of Umbrella branding

Umbrella branding also has Cons such as if any one product under umbrella branding does not do well in the market then it can affect the overall brand. The new products associated

with an umbrella brand will only work if companies make it a mass product category and provide new products to the consumers at a value-for-money pricing strategy. The different brands in umbrella branding will have different qualities which will vary and thus it can be an obstacle for smooth functioning of the brand as well as a firm. Also, if there is negative publicity for any product or even new product, it can affect the other brands under umbrella branding.

5. Conclusion

Umbrella branding is a strategy which is followed mostly by FMCG Companies. The companies which follow umbrella branding have advantages but if it doesn't work there it can be an obstacle for smooth functioning of the brand also.Though the risk is also associated with promoting the products and services by using the umbrella branding strategies but the products and services which are promoted by using umbrella branding strategies arebeing accepted by the customers and has got easy acceptance than the other one, which results in saving the cost and expenditures which is used for creating and building a brand.

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