

Literature Review on Umbrella Branding

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Abstract

More than 4,000 years back, the brand term came into existence. In the world, Umbrella branding strategy is favoured by the companies of the east like Japanese, Chinese and Korean companies. Umbrella branding (also known as family 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 mainly used by companies with a positive brand equity (value of a brand in a certain market place).

In India, Patanjali, Dabur, Himalaya, HUL, AMUL, Philips, Bajaj, Sony, Nivea also follow this Umbrella branding strategy as the expenditure required is less, advertising costs are low, the quality is believed to be the same of all the products under Umbrella branding. In India, this Umbrella branding strategy has been successful too.

This paper presents Review of Literature related to Umbrella branding and conclusions are drawn on the same.

Keywords: Umbrella branding, Literature review, Consumers

1. Introduction

More than 4,000 years back, the brand term came into existence. In the world, Umbrella branding strategy is favoured by the companies of the east like Japanese, Chinese and Korean companies. Umbrella branding (also known as family branding) is a marketing practice involving the use of a single brand name for the sale of two or more related products. Umbrella

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The concept of Umbrella branding is a foreign concept which due to globalization has come to India. As due to globalization and country association i.e. connection Mac Donald, Burger King, Dominos Pizza has emerged in India, in the same way, Umbrella branding strategy has also emerged in India. It is a foreign culture which has emerged in India due to several advantages.

In India, this Umbrella branding strategy has been successful too.

2. Literature Review

Following is the Literature Review related to Umbrella branding and inferences are drawn on the same.

According to **Zubin Sethna and Jim Blythe (2016)** in their book "Consumer Behaviour" has been defined as Consumer behavior is the activities people undertake when obtaining, consuming and disposing of products and services (Blackwell et.al 2001).

Obtaining includes all the activities that lead up to making a purchase, searching for information about products and services, it may not involve an actual purchase.

Consuming refers to the ways in which people use the products they have, whether bought or acquired. This includes where the product is consumed, when and how the product is used.

Disposal of products includes the disposal of packaging - whether it is recycled, burned or goes into landfill.

Thal (2008) in his paper titled "Linking Reputations: The Signaling and Feedback Effects of Umbrella Branding" critically reviewed that Umbrella branding is a widespread marketing practice that consists of selling different products under the same brand name. Some umbrella brands sell closely related products, e.g. Colgate sells toothpaste and toothbrushes. Others sell products in unrelated categories, e.g. Virgin sells music disks, air travel, cola drinks and financial services.

According to **Tauber (1988)**, almost half of all new package goods are introduced under umbrella brands. The reasons why should a firm extend a brand, that is, introduce new products under an umbrella brand with one or several existing products is explained in this paper.

The author described the framework, presented the main effects of umbrella branding on beliefs and profits; in particular, it explained the relationship between the branding strategy, the correlation of consumers prior quality perceptions, and signaling and feedback effects. The author further discussed equilibria without feedback effects, equilibria with feedback effects, the differences with alternative theories, and then linked the main findings to the empirical evidence. The author also suggested a number of extensions with all proofs.

Cabral (2001) in his paper titled "Optimal Brand Umbrella Size" proposed a model that highlighted the costs and benefits of umbrella branding and ultimately provided the basis for a theory of optimal umbrella size framework or repeated-purchase experience goods with seller's moral hazard. This paper showed that umbrella branding may improve the terms of the implicit contract between firm and consumers. Putting these two considerations together, the author showed that umbrella branding is a superior strategy when there is a significant overlap between the set of buyers of each of the firm's products.

Sappington and Wernerfelt (1985) considered a model of horizontal product differentiation and showed that umbrella branding may reduce the consumer's search risk for a new product if firms add to their umbrella products with identical location as their initial one.

In this paper, the author further specified a recent Marketing textbook written by Churchill and Peter (1998) which stated that a brand extension strategy can fail and even damage existing products if the brand is used for products that are unrelated or when the brand's name or image doesn't fit the new product and the author agreed with this form of conventional wisdom.

The author further suggested that success of an umbrella branding strategy requires that there is a large set of common buyers.

Silberhorn and Hildebrandt (2012) in their paper titled "Does umbrella branding really work? Investigating cross-category brand Loyalty" has done empirical study and gave a brief overview over the conceptual and theoretical background of umbrella branding.

In their paper, the authors also found empirical evidence that consumers who are loyal to the brand in the leading (parent) product category show a higher probability to be loyal to that same brand in another (extension) category compared to those consumers who are not loyal in the leading category. Moreover, as the overall success of the extension includes positive retroactive effects of the extension product on the parent product or brand (**Erdem (1998)**).

*In the article **Strategic Management Tutorial** the main types of brand architecture are the product-brand strategy, the line brand strategy, the range brand strategy and the maker's mark strategy, endorsing brand strategy and umbrella brand strategies.*

Under the term umbrella brand, there are two modes of implementation in companies, the first relatively liberal towards products and subsidiaries, the other exercising real control. The first is in reality a house of brands and the other is a branded house.

Family Branding or Umbrella Branding Marketing Essay (2015)

In this paper a short overview on the concept of brand, branding, retail brand, their definitions, classifications, branding strategy, brand positioning, brand integration etc. are described. In this paper, under the classification of brand heading, family branding or umbrella branding has been described as in this approach a new product is placed under existing brand of the organization. The major advantage of using this approach is to use the image of the organization and expand the product rapidly in the marketplace and gain market share.

Hendrik Hakenes and Martin Peitz (2008) in their paper "Umbrella Branding and External Certification" described the concepts of umbrella branding as:

An umbrella branding is a common brand across businesses and growth synergies can be achieved by leveraging image, reputation and trust effects of a strong brand across several businesses (Hem, 2008).

The entire brand portfolio profits from the umbrella brand credibility which offers efficiency benefits and spillover benefits (Spry, Pappu and Cornwell, 2011).

According to Trim and Lee, (2006) umbrella branding emphasizes a monolithic brand for several products and the value proposition and image of the umbrella brand is transferred to the private label products.

According to Olson, (2008) advertising and marketing costs are considerably reduced for umbrella branding because the consumers use the information in an advertisement about one product to make inferences about other products with the same brand name.

Organisations can leverage the positive association developed by a consumer about the products or services developed by the company in order to introduce new products (Bhat and Burg, 2011).

But according to Sharp, (1991) umbrella branding has the risk of associating with a corporate identity which has several products and services in its portfolio and having different equity perceptions among the customers.

In order to perform well under one umbrella branding strategy the organisation must consistently promote a single brand image across the various product and service categories (Bravo, Iversen and Pina, 2011).

3. Research gap and Conclusion

Enormous research has been conducted on various topics pertaining to Umbrella branding. Numerous research have been conducted which have focused on the need of Umbrella branding, the advantages and dis-advantages of the same, creating and managing regional Umbrella brands, implications of parent brand, state dependence under umbrella branding, investigation of cross category brand loyalty, umbrella branding really works or not etc. Case studies on Apple, Starbucks, and Hindustan Lever have also been published who were the forerunners of Umbrella branding. All the research conducted pertain to understanding the concept from the point of the company and none from the angle of the customers. This research gap identified needs to be explored.

It is expected that more researches to be explored and focused from consumers point of view regarding umbrella branding strategy.

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