

Analysis of umbrella branding



**ASSIGN
BUSTER**

The 1980s witnessed a revolution in the understanding of the working of the brands. Marketers describe brands as a mirror image of customers' own personalities, so that customers can relate to their products well. In fact the unique aspect of the modern marketing has been that it has focused upon the creation of differentiated brands and using them as weaponry for initiating multi-level attacks on the opposition. Market research has been used as a marketing tool to help recognize and develop the bases of brand differentiation. A brand not only identifies a product but also its sources. Along came brand extension. At present brand extension strategies and policies are widely engaged because of beliefs that they build and communicate strong brand positioning, amplify profitability and enhance awareness.

Brands are often extended beyond their initial categories to incorporate new product categories. Research has proved that the success of brand extension depends on the transfer of parent brand awareness and associations to the extension. The transfer of these quality perceptions is the key in umbrella branding. An umbrella brand is a type of brand that covers various kinds of products which are more or less related. It applies also to any company that is identified only by its brand and the brand history. It is contrasted with individual branding in which each product in a portfolio is given an exclusive brand name and identity.

An umbrella brand is an overarching brand used across multiple products which are related to each other. Another name for umbrella branding is family branding.

Time and again economies of scope are related with umbrella branding since multiple products can be proficiently promoted with a single advertisement or campaign. This type of branding facilitates new product introductions by providing a familiar brand name, which can lead to product acceptance, trial purchase and other advantages.

Umbrella branding may impress on the brand owner a superior burden to sustain constant quality. If the quality of even one of the products in the brand family is compromised, it could have an impact on the reputation of all the others. This is a major reason why umbrella branding is generally limited to product lines that consist of products of similar quality.

Umbrella branding is extensively practiced. The umbrella brand and individual brands are compared to an Indian family, where in umbrella brands – like the Indian family, the father is the head, looking over the children (individual brands). When they grow up and become independent, they hold the umbrella for the family. On the other hand the individual brands are like a western family, who grow up fast and leave the family behind.

EXAMPLES OF UMBRELLA BRANDING:

Amul's strategy of using "umbrella branding" has really paid off. Amul's marketing and advertising spend has never exceeded 1% of its revenues. Most of the other food companies spend 6-7% of their revenues on advertising and marketing. They are not big spenders compared to Nestle or Britannia. Despite a limited budget,

Amul's creatives in the form of:

1) Billboards or

2) The Taste of India campaign

have always managed to remind a larger-than-life brand feel, reliability and spirit of Indian culture in a modern way.

Hindustan Unilever's beverage brands have been combined under two umbrella brands – Brooke Bond and Lipton. In the fabric wash category, it has retained only Surf, Rin and Wheel. With time HUL has withdrawn its brands such as Nihar, Dalda, 501 and Sunlight; it plans to extract some more brands and put them under a few umbrella brands. HUL is currently focusing on its 35 power brands.

Nivea the cosmetics brand has its presence in a huge number of product categories and countries. Nivea's performance impelled a yahoo. com news article to name it the ' Queen of Mega Brands.' This title was appropriate since the brand was present in over 14 product categories and was available in more than 151 countries. Nivea was reportedly believed to be a brand of local origin – having been present in them for many decades. This fact went a long way in helping the brand attain the leadership status in many categories and countries. According to analysts, the brand was the single largest factor for the 4. 6% increase in the company's revenues and 10. 8% increase in after-tax profit. Beiersdorf never tried to change the umbrella branding of Nivea and got prolific results.

PROCESS OF BRAND EQUITY

<https://assignbuster.com/analysis-of-umbrella-branding/>

BRAND EXTENSIONS

A company may use its existing brand name to launch new products in other categories.

Honda uses its name to market various products like automobiles, snowmobiles, motorcycles and lawn mowers. This allows Honda to advertise that:

It can fit “ six Hondas in a two car Garage”

Godrej now features its name on soap, lotion, shampoo, conditioner, locks, shower gel, raw chicken, almirahs, etc.

The latest trend in corporate brand building is that corporation is licensing their names to manufacturer of a wide range of products from bedding to shoes.

Brand extensions also involve risk.

The new product might disappoint buyers & damage their respect for the company's other product.

The brand may lose its special positioning in the consumers mind due to dilution. When consumers no longer correlate a brand with highly similar products or a special power Dilution occurs.

History of Brand Extension

Brand extension is being used since a long time and is not a recent phenomenon. It has been prominent since a long time in the luxury goods sector. India has been fortunate enough to always have big business houses

like Godrej, Tatas, and Birla who have always pushed newer and varied products under one Brand Name.

Tata – From Steel to Cars

Godrej -From locks to Farm fresh Chicken

Ambanis after decades of distinction in Industrial chemicals have now entered into telecom and power sector.

WHY EXTEND THE BRAND?

Innovation allows the brand to remain up-to date, allows a company to achieve a competitive advantage over the other and demonstrate a continuous attentiveness to the changes in customer taste.

Also a major factor in brand extension is the cost of advertising.

BRAND EXTENSION: HOW?

There are two preparatory stages, before setting any practical extension.

The first is the exploratory stage- It probes all the memories and the associations that the people have in their minds with the brand. This stage helps in assuming as to which products would be compatible with the brand's meaning.

Second study phase- New products ideas are tested. A decision cannot be made on the basis of this information alone. Strategic decisions lead to brand extensions. It also involves factors linked with marketing, finance, human resources and production.

It cannot be over-emphasized that extension cannot be contemplated without the complete knowledge of the brand's attributes.

Why Brand Extension Fail?

The various reasons why the effort of brand extension can fail are that the strategy presupposes one or more assumptions.

Assumption one:

It will help get trial / sell the new product.

This need not be unavoidable, even if it is 'reasonable'. The extension of the brand name will help to get trial only if it is seen to Add Value to the new product.

Example, when Nirma introduced toothpaste -many consumers who saw a value in Nirma washing powder, did not find it in the toothpaste.

Assumption Two:

It will help to reinforce the existing product.

A brand extension can easily achieve this, but only if the new product incorporates a truly New Idea. Example, the Apple computers brand was actually enhanced by the introduction of the iPod MP3 Player – but this was a result of the iPod being a sensationally new idea. The Apple brand could not have achieved this, if the iPod was just another regular MP3 player.

Assumption Three:

The brand equity will ensure ready recognition in the new category.

A common assumption is that the brand has enough Stretch to carry its strength into a new category.

Example, Bournvita was unable to extend its strength to biscuits from a health beverage.

One of the most critical weaknesses in many Brand extension initiatives is that they start with the marketer and not the consumer. Brand Extensions will succeed only when they research and have a Consumer Connect.

Guidelines for Brand Extension

Guideline One:

Extend a strong Performance Characteristic Association.

This is the simplest level at which to begin. Amul stands for pure milk. Indeed it is likely that to many consumers, Amul is milk. Therefore, it is easy to extend the brand from wet milk, to butter, to cheese, to dairy whitener, and recently, to ice cream. However, with pizza, Amul may now be moving just a bit too far from the core ‘milk’ association. Does the consumer think Pizza = cheese (= milk) or is Pizza = baked food?

Guideline Two: Extend a strong Benefit Association.

Fair & Lovely owns the skin fairness benefit strongly enough to extend the brand

from the original fairness cream to a lotion to a soap to an under-eye cream.

Guideline Three: Extend an association with a Consumer Attitude or Belief.

Nike and its swoosh stand for pushing oneself beyond the limit and an individualistic attitude – so the brand appeals to those who share this view and who wear the brand as a badge: in sports shoes, sports goods, bags, casual wear, even watches.

Guideline Four: Extend the brand based on Brand Essence.

There are also several watch-outs to note before extending brands.

Watch-out One: Is your brand extension sending out contradictory signals?

This could be happening in the case of Nivea, where after offering skin-care products for women for years, a range of men's toileteries was introduced under the same name. Bad idea.

Watch-out Two: Is there any link to the brand extensions or is it merely a convenient, available name that's being used?

Maggi came into India with 2-Minute noodles – a hearty, anytime snack. Since then the Maggi brand has been extended to sauces, soup cubes, even pickles. There is nothing that holds this set of products together. Is it surprising that the extensions are not resounding successes?

Watch-out Three: Check the interpretation of the link across extensions.

Dettol was the ubiquitous antiseptic liquid (and then cream). When the brand was first extended to soaps, the antiseptic property was interpreted to mean care and Dettol was launched as 'The Love and Care Soap'. It did not work.

Today, many years later, Dettol soap offers protection – a more realistic interpretation of the antiseptic property, and the soap is doing far better.

A few umbrella brands or individual brands? According to experts, independent brands only make sense when the product clearly has a different proposition from the company brand; like Lexus from Toyota and Swatch from Omega. In the case of Asian Paints, there were so many sub-brands, there was a reduction of media weights for advertising each entity. Then, the company shifted to a brand-centric portfolio, which involved a change of logo, product names, packaging and advertising. But the response from the trade and consumers has been positive, overall brand synergy and shop presence have increased, and the advertising is more effective.

Most probably in near future the media environment will make it impossible to create newer brand names and the conditions at the consumer level, as well as the environment. So unless the product is clearly different in the mind of the consumer, umbrella branding is the way to go. Umbrella brands are going to rule!

Nestle SA , the world's leading food manufacturer and the market leader in both

coffee and mineral water, produces a wide range of products including prepared dishes

and cooking aids, milk-based products, cereals, instant coffee, pharmaceuticals and

baby foods. Nestle SA is a publicly owned company, with subsidiaries across the world.

It website addresses in 104 countries. It is also the world largest food and beverage

company with \$71 billion in annual sales and almost 230, 000 employees around the

world. It markets some 8000 brands that include instant coffee.

Remarkably, its products are sold in every country in the world, including in North

Korea.

Nestle coat of arms, the bird's nest, which refers to his name, has become a symbol for the products being a safe care for their consumer product safety and quality.

Research and development based innovation capacity and strong brands are priority for

Nestle.