

Zaloznykh K.
T.V. Kozhemyakina, research supervisor
J.A. Tereschenko, language adviser
Kryviy Rih Institute of Economics of
Kyiv Vadym Hetman National Economic University

WHICH IS BETTER: AN UMBRELLA BRAND OR AN INDIVIDUAL BRAND?

It is no secret that a consumer prefers the goods which he knows well. He will buy and recommend them to his relatives, to his friends and acquaintances. If a product occupies strong market positions, it can be named a brand.

Brands are often extended beyond their original categories to include 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 factor in umbrella branding.

An umbrella brand is a brand that covers diverse kinds of products which are more or less related. It applies also to any company that is identified only by its brand and history. Umbrella branding is also known as family branding. It contrasts with individual product branding, in which each product in a portfolio is given a unique brand name and identity.

Mr. K.R.Senthilvelkumar, a professor at Jonson's School of Business offers the most pragmatic of reasons behind an umbrella brand strategy, "with scarce financial resources, firms cannot afford to allocate huge budgets for building and maintaining several brands". That's why it is more economical to build one strong, single brand than spreading your advertising budget across 10 different brands.

According to marketing experts, the main advantage of the umbrella branding is the reduction of the investments in the creation of the new products. So the companies using umbrella brands have an opportunity to cut down their current expenditures including the administrative ones and to make a more effective use of the financial potential complementing technologies and goods produced.

«Chumak», a modern Ukrainian food provider is a good example of how the umbrella brand is effectively used in marketing strategy. First, the company became the biggest ketchup producer, then it started the output of oil and for a short period of time «Chumak» could compete with «Olejna», one of Ukraine's

biggest oil companies. Today «Chumak» provides consumers with ketchup and other varieties of tasty sauces, mayonnaise, tomato paste, freshly squeezed juice; oil and vegetables as well as many other products that take mostly the first positions in the market.

No doubt, umbrella branding has a number of advantages over individual brands in terms of low promotional costs and easy acceptance in trade but umbrella branding imposes on the brand owner a greater burden to maintain consistent quality. If the quality of one product in the brand family is compromised, it can affect on the reputation of all the others. For this reason, umbrella branding is generally limited to product lines that consist of products of similar quality and brand equity.

Single umbrella branding works relatively better for services like telecom; it may not be feasible in cases where there is a less degree of cohesion between categories, product values and target customers. So, maintaining a few umbrella brands is a better option. For instance, suppose LG, a tech brand as far as Indian consumer is concerned, wants to sell you talc or toothpaste or detergent under that name. Consumers would find it very difficult to say what is transferred value from LG TV sets to LG products they're now going to put on their skin.

As for individual branding its advantage is that each product has an image and identity that is unique. This facilitates the positioning of each product, by allowing a firm to position its brands differently. The examples of individual product branding include Procter & Gamble, which markets multiple brands such as Pampers, and Unilever, which markets individual brands such as Dove.

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 case of Asian Paints, India's largest paint company, 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.

Summing up, it should be mentioned that a strong umbrella brand can help a new product generate faster distribution and trial. Besides with an umbrella brand, the number of interactions the consumer has with the brand increases significantly, thereby reinforcing the brand values, and it helps transfer the goodwill to new

products and categories. On the other hand, umbrella brands are weakened when they are used for sub-par products or products that fail - an unavoidable risk with new product introductions. That is why the umbrella brand needs to be focused: It must stand for the same values across the category or range of products, and have the same emotional link.