

THEORETICAL FOUNDATIONS OF CORPORATE BRANDING: BRAND EQUITY, REPUTATIONAL SPILLOVERS, AND SHARED-BRAND RISKS

KORPORATIV BRENDINGNING NAZARIY ASOSLARI: BREND KAPITALI, REPUTATSION TA'SIRLAR VA UMUMIY BREND RISKLARI

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Abstract
Annotatsiya

Eng. - This article examines the distribution of corporate brand equity, reputational spillovers, and their relationship with revenue using 4,816 quarterly observations from 40 corporate groups and 301 service units. Variance decomposition attributes 42.0% of brand-equity variation to corporate-level differences, 34.8% to unit-level differences, and 23.3% to changes over time. Fixed-effects estimates show that adverse incidents reduce brand equity by 5.83 points in affected units and 1.00 point in sister units, while awards increase equity by 2.39 and 0.43 points, respectively. Negative spillovers are strongest in branded houses (−1.77 points) and weakest in houses of brands (−0.13 points). A one-point increase in a unit's own brand equity is associated with a 0.565-point increase in its revenue index, whereas sister-unit equity has no statistically significant additional association. The findings emphasize balancing shared-brand advantages against reputational risks and monitoring brand equity at the unit level.

Uzb. - Maqolada korporativ brend kapitalining taqsimlanishi, reputatsion ta'sirlarning tarqalishi va daromadlar bilan bog'liqligi 40 ta korporativ guruh hamda 301 ta xizmat ko'rsatish bo'linmasiga oid 4 816 ta choraklik kuzatuv asosida tadqiq etilgan. Dispersiya tahliliga ko'ra, brend kapitalidagi tafovutlarning 42,0 foizi korporativ guruhlar, 34,8 foizi bo'linmalar o'rtasidagi farqlar va 23,3 foizi vaqt davomida yuz bergan o'zgarishlar bilan izohlanadi. Salbiy hodisalar ta'sirlangan bo'linma brend kapitalini 5,83 punktga, boshqa bo'linmalarnikini 1,00 punktga kamaytirgan, mukofotlar esa mos ravishda 2,39 va 0,43 punktga oshirgan. Salbiy ta'sir yagona brendli guruhlarda kuchliroq (−1,77 punkt) kuzatilgan. Brend kapitalining bir punktga oshishi daromad indeksining 0,565 punktga oshishi bilan bog'liq. Natijalar korporativ brend afzalliklarini reputatsion risklar bilan birgalikda baholash zarurligini ko'rsatadi.

Keywords:
Kalit so'zlar:

❖ *corporate branding, brand equity, brand architecture, reputational spillovers, umbrella branding, variance decomposition, service groups.*

❖ *korporativ brending, brend kapitali, brend arxitekturasi, reputatsion ta'sirlarning tarqalishi, yagona korporativ brend, dispersiya dekompozitsiyasi, xizmat ko'rsatish guruhlari.*

Introduction.

Corporate branding places a common name across multiple offerings or organisational units. Its underlying proposition is that the name can generate value beyond an individual unit: information acquired about one part of a group may influence perceptions of other parts. This proposition contains three empirically distinct questions. To what extent is brand equity associated with the corporate parent rather than the individual unit? Do experiences at one unit spill over to affiliated units? And is group-level equity associated with unit revenue independently of the unit's own equity?

These questions have direct managerial implications. For example, how much of the value perceived by customers belongs to a hotel, restaurant, or service branch, and how much reflects its parent group? When an incident occurs at one location, what is the likely effect on other locations? Does sharing a name improve recognition while increasing exposure to reputational damage?

The article investigates these issues using a panel of 40 corporate groups and 301 service units observed quarterly over four years. Adverse service incidents and positive awards are recorded at unit level. The analysis is organised around three constructs. First, a nested variance decomposition identifies the proportions of brand-equity variation associated with corporate parents, differences between their units, and changes within units over time. Second, reputational spillovers are estimated from the association between events at sister units and a given unit's equity. Third, the shared-name cost is expressed as the aggregate change in brand-equity index points attributable to a single incident across an eight-unit group.

Three expectations guide the analysis: a substantial share of equity variation should occur between corporate parents; adverse events may produce larger proportional spillovers than positive events; and brand architecture should moderate transmission. The results provide partial support for the first expectation, show similar estimated proportional transmission for adverse and positive events, and demonstrate pronounced differences in negative spillovers across brand architectures.

Literature Review.

Balmer [1] distinguished the corporate brand, which addresses multiple stakeholder groups and draws on the organisation as a whole, from a product brand tied to a particular offering. Hatch and Schultz [2] emphasised the links between corporate branding, organisational culture, and identity. Balmer and Gray [3] examined the nature of corporate brands and the difficulties involved in defining and managing their contribution to value.

Brand equity has been studied from both customer-based and market-outcome perspectives. Aaker [4] and Keller [5] focused on the value derived from customers' awareness, associations, and responses to a brand. Ailawadi, Lehmann, and Neslin [6] proposed the revenue premium as an observable outcome measure. How such equity is distributed between a parent group and its operating units remains an important question bridging these perspectives.

The economics of shared names is addressed in the umbrella-branding literature. Wernerfelt [7] showed how an established brand can act as a reputational bond when a firm introduces a new product. Cabral [8] analysed the incentives to extend an established reputation to other products. Empirical research by Sullivan [9] identified information spillovers across automobile models sharing a brand name, while Erdem [10] found evidence of consumer learning across product categories under an umbrella brand.

Brand architecture makes the extent of name sharing a strategic choice. Aaker and Joachimsthaler [11] described a spectrum

ranging from a branded house, where one name is dominant across offerings, to a house of brands, where separate names predominate, with endorsed brands occupying an intermediate position. Although the literature discusses coherence and the efficient use of brand investment, this spectrum also implies differences in exposure to events occurring elsewhere in a group.

Two methodological strands inform the empirical design. The decomposition of performance variation into industry, corporate-parent, and business-unit effects developed by Rumelt [12] and McGahan and Porter [13] offers a framework for locating variation at different organisational levels. The analysis of discrete reputational events follows research on spillovers among products sharing a brand name [9].

This article extends these strands to multi-unit service groups by estimating the corporate, within-group, and within-unit components of brand-equity variation; comparing the transmission of negative and positive events across alternative brand architectures; and assessing whether sister-unit equity has an incremental association with revenue after controlling for own-unit equity. These questions are examined jointly within the same panel.

Research Methodology.

The panel consists of 40 anonymised corporate groups in consumer services and 301 operating units observed for sixteen consecutive quarters, yielding 4,816 unit-quarter observations. Groups contain between three and twelve units; the median group size is 7.5. Of the 301 units, 97 belong to branded houses, 122 to endorsed-brand groups, and 82 to houses of brands.

Brand equity is measured at unit level on a 0–100 index combining consumer ratings, brand recognition, and stated preference. The index has a mean of 61.2 and a standard deviation of 9.7. As a composite measure, it may contain measurement error, which should be considered when interpreting regression coefficients. Revenue is measured as an index relative to comparable units and has a sample mean of 99.2.

Two types of unit-level events are observed. An incident is a publicly known adverse event affecting service quality; an award represents positive external recognition. Each event type occurs in approximately 5% of unit-quarter observations. For each unit and quarter, the analysis also records incidents and awards occurring at other units belonging to the same corporate group.

The variance of the brand-equity index is decomposed into three nested components: variation between corporate parents; variation between units within the same parent; and variation within individual units over time. The decomposition is also calculated separately for each brand-architecture category.

Reputational spillovers are estimated using regressions with unit and quarter fixed effects. The dependent variable is a unit's brand-equity index; explanatory variables capture its own incidents and awards, as well as the corresponding events at sister units. Quarter fixed effects account for shocks shared across the sample, while unit fixed effects absorb time-invariant unit characteristics. Event coefficients capture conditional associations consistent with within-group spillovers; a causal interpretation would additionally require that event timing be unrelated to unobserved unit-specific shocks. Interactions with brand architecture are used to estimate heterogeneous spillovers. Standard errors are clustered by corporate group (40 clusters), and the reported two-sided critical t value is approximately 2.023 at the 5% level with 39 degrees of freedom.

Finally, the revenue index is regressed on the unit's own brand-equity index and the mean equity of its sister units, calculated excluding the focal unit. These specifications also include unit and quarter fixed effects. The

coefficient on sister-unit equity therefore tests whether it has an incremental conditional association with revenue beyond own-unit equity.

Four limitations should guide interpretation. First, measurement error in the equity index could attenuate its estimated revenue coefficient under classical measurement-error assumptions; the magnitude and direction of bias cannot be established without additional validation. Second, brand architecture does not change within the observation period, so moderation is identified from differences across groups rather than changes within a group. Third, variance decomposition locates variation but does not identify its causes: a parent-level component may reflect common branding, management, markets, or other shared characteristics. Fourth, events are recorded as occurrences rather than graded by severity; the estimated coefficients consequently summarise average associations across incidents or awards of different importance.

Analysis and Discussion of Results.

Table 1

Nested decomposition of the variance of brand equity

Group of units	Corporate parent	Unit within the parent	Time within the unit
All groups, 301 units	*42.0%*	*34.8%*	*23.3%*
Branded houses, 97 units	*36.7%*	*32.8%*	*30.6%*
Endorsed brands, 122 units	*44.4%*	*33.7%*	*22.0%*
Houses of brands, 82 units	*28.9%*	*48.2%*	*23.0%*

Source: *Author's calculations based on the study panel (n = 4,816 unit-quarter observations).*

The first expectation receives partial support. The corporate-parent component is the largest individual share of brand-equity variation, at 42.0%. Nevertheless, it accounts for less than half of the total. The remaining variation lies within corporate groups: 34.8% between affiliated units and 23.3% within the same units over time. Thus, substantial differences in equity can exist among units affiliated with the same parent. The reported shares may not sum to exactly 100% because of rounding.

The relationship between architecture and variance composition is not strictly ordered along the brand-relationship spectrum. Houses of brands have the lowest corporate-parent share (28.9%) and the highest between-unit share (48.2%), consistent with their relatively separate brand identities. However, the corporate share for branded houses is 36.7%, below the 44.4% observed for endorsed brands. Consequently, the empirical pattern is not a monotonic ranking of architecture types of the kind one might expect from the spectrum in [11].

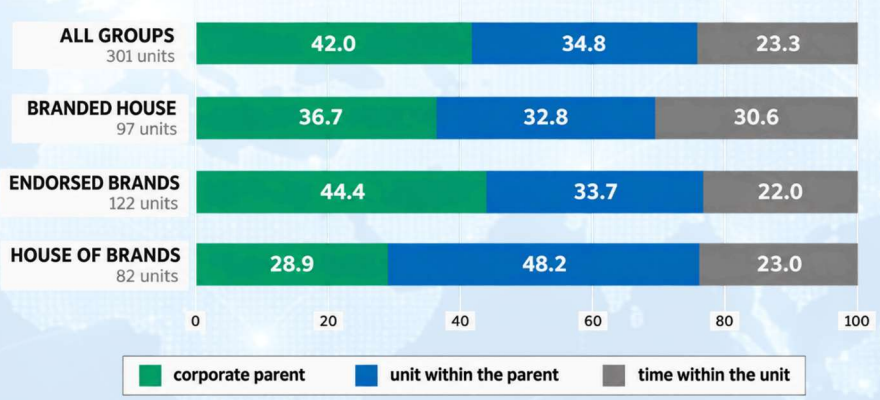


Figure 1. Distribution of brand-equity variance across organisational levels

Table 2

Events at the unit and at its sister units

Specification	Own incident	Sister incident	Own award	Sister award
S1 incidents only	-5.861 (-15.15)	-1.023 (-5.70)		
S2 incidents and awards	-5.828 (-15.63)	-1.004 (-5.47)	2.393 (8.05)	0.432 (4.24)

Source: *Author's calculations. Models include unit and quarter fixed effects; t statistics use standard errors clustered by corporate group. Two-sided critical value: approximately 2.023 (5% level, 39 degrees of freedom).*

The estimates indicate that events are associated with changes in the brand equity of both the focal unit and its sister units. In specification S2, an incident corresponds to a 5.83-point reduction at the affected unit and a 1.00-point reduction at each sister unit. An award is associated with increases of 2.39 and 0.43 points, respectively. These patterns are consistent with the transmission mechanisms discussed in umbrella-branding research [7, 8].

The estimated spillover-to-direct-effect ratio is 17.2% for an incident and 18.1% for an award. These proportions are close, despite the larger absolute losses associated with adverse events. In particular, the direct effect of an incident is about 2.4 times the direct effect of an award; the associated spillover is therefore larger in absolute index points. The descriptive comparison provides no evidence of a pronounced proportional asymmetry, although a formal statistical test of the difference between the two ratios would be required to establish equivalence or reject a specific asymmetry hypothesis.

Table 3

Spillovers by brand architecture

Architecture	Sister incident	t	Sister award	t
Branded house	-1.766	-7.57	0.275	1.26
Endorsed brands	-0.756	-5.77	0.677	3.44
House of brands	-0.130	-0.60	0.245	1.62

Source: *Author's calculations. In the same model, the own-incident coefficient is −5.792 (t = −15.26).*

The third expectation is supported by the estimated pattern of negative spillovers. A sister-unit incident is associated with a 1.77-point decline under a branded house and a 0.76-point decline under endorsed brands. The corresponding estimate for a house of brands is −0.13 (t = −0.60), which is not statistically distinguishable from zero. The estimated direct incident effect is approximately −5.8 points. Accordingly, architecture appears to be more closely related to the exposure of other units than to the direct equity loss at the unit where the incident occurs.

Positive spillovers follow a different pattern. The estimated sister-unit award coefficient is highest for endorsed brands, at 0.677 (t = 3.44), compared with 0.275 (t = 1.26) for branded houses and 0.245 (t = 1.62) for houses of brands. One possible interpretation is that endorsement connects an achievement to the group without implying that all units share it. However, the latter two estimates are not individually statistically significant, and the reported results do not establish that the differences between architecture-specific award coefficients are statistically significant. This pattern suggests that endorsed brand structures may facilitate the transfer of positive reputational signals while preserving the distinct identity of individual units. Such arrangements could allow affiliated units to benefit from group-level credibility without requiring complete brand integration.

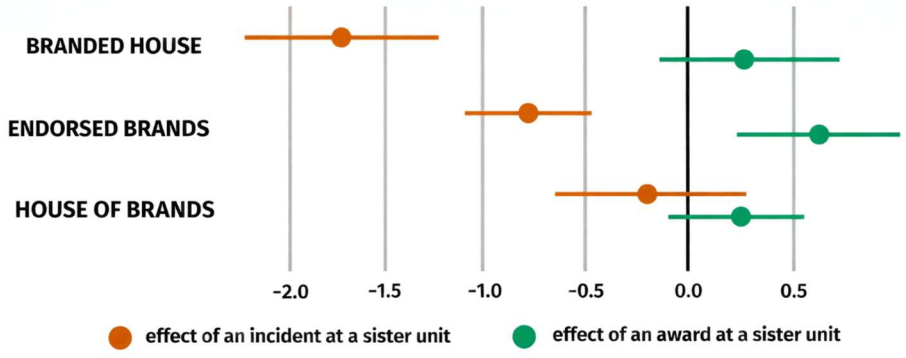


Figure 2. Estimated sister-unit spillovers by brand architecture

Table 4

Equity lost by a group of eight units from one incident

Architecture	The unit at fault	Its seven sisters	Total	Share falling outside the unit at fault
Branded house	5.79	12.36	18.15	68.1%
Endorsed brands	5.79	5.29	11.08	47.7%
House of brands	5.79	0.91	6.70	13.6%

Source: *Author's calculations using the estimated direct and sister-unit incident coefficients for a hypothetical eight-unit group (the sample median group size rounded). Values represent summed equity-index points, not monetary losses.*

The estimates imply a substantial shared-name exposure. For an eight-unit branded house, one incident is associated with an aggregate loss of approximately 18.15 equity-index points across the group, compared with 6.70 points under a house of brands. Under the branded-house architecture, approximately 68.1% of the aggregate loss occurs at the seven units where the incident did not originate. This pattern illustrates the reputational exposure inherent in the brand-as-bond mechanism discussed by Wernerfelt [7].

For comparison, an award under the branded-house specification is associated with an increase of approximately 2.39 index points at the recognised unit and 1.93 points across its seven sister units, giving 4.32 points in aggregate. This is roughly one-quarter of the estimated group-wide loss associated with one incident. The imbalance arises mainly from the different estimated magnitudes of adverse and positive events, rather than a substantially greater proportional transmission rate for bad news.

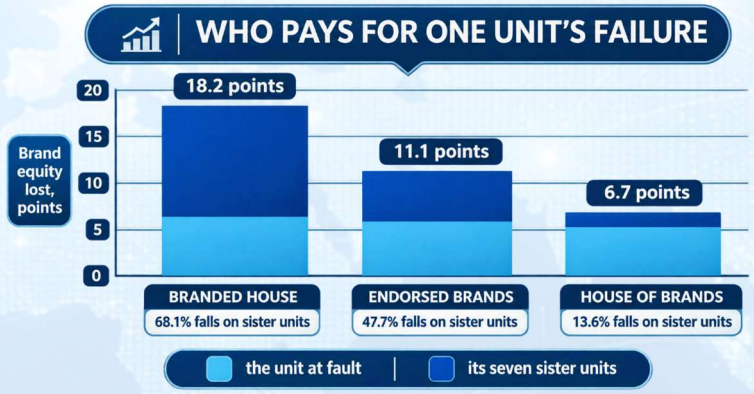


Figure 3. Aggregate equity-index loss associated with one incident in an eight-unit group

Table 5

Revenue, own equity and the equity of sister units

Specification	Own equity	Sister equity
R1 own equity only	*0.565 (28.86)*	
R2 with sister equity	*0.565 (28.86)*	*-0.025 (-0.99)*
Branded houses	*0.624 (35.75)*	*-0.024 (-0.45)*
Endorsed brands	*0.513 (16.21)*	*0.009 (0.30)*
Houses of brands	*0.556 (11.75)*	*-0.088 (-1.55)*

Source: *Author's calculations. Models include unit and quarter fixed effects; t statistics use standard errors clustered by corporate group.*

A one-point increase in a unit's own brand-equity index is associated with a 0.565-point increase in its revenue index in the fixed-effects specification. This coefficient describes a conditional relationship, not necessarily a causal effect. Classical measurement error in the explanatory variable could attenuate the estimate, but the available information is insufficient to treat 0.565 as a verified lower bound.

Sister-unit equity does not show a statistically significant incremental association with revenue once the focal unit's own equity is included. In the pooled specification, the coefficient is −0.025 (t = −0.99), with similarly nonsignificant coefficients within each architecture category. This finding does not imply that the corporate brand has no economic value. Rather, it is consistent with a mechanism in which events elsewhere in the group affect the focal unit's own brand equity, which in turn is associated with its revenue. The estimates do not identify a separate revenue association for sister-unit equity after own-unit equity is controlled for.

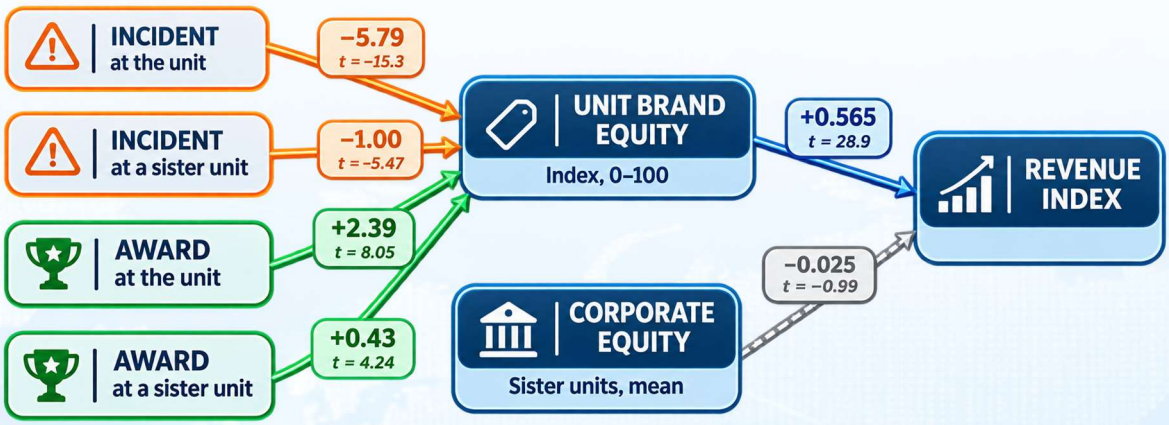


Figure 4. Conceptual pathway linking events, unit-level brand equity, and revenue

Three main implications emerge from the results.

First, parent-level differences account for a substantial but minority share of total brand-equity variation. The 42.0% corporate-parent component demonstrates the relevance of group affiliation, whereas the remaining 58.1%, subject to rounding, highlights the importance of variation among units and over time. Group-level brand management should therefore be complemented by systematic monitoring of individual units.

Second, brand architecture is associated with the distribution of reputational exposure. A branded house shares negative-event effects across a wider set of units, resulting in an estimated group-wide incident loss substantially larger than under a house of

brands. Greater brand separation may reduce the transmission of adverse events, although it may also limit beneficial spillovers and require additional investment in distinct brand identities.

Third, the observed relationship between brand equity and revenue is concentrated at unit level. Sister-unit equity provides no statistically significant incremental association with revenue in the reported specifications after own-unit equity is included. Corporate communications should therefore be evaluated, at least partly, by the extent to which they strengthen customer perceptions of the operating units that generate revenue.

Conclusions and Recommendations.

The analysis examined three core propositions of corporate branding using quarterly observations on 40 groups and 301 service units over sixteen quarters.

The variance decomposition places 42.0% of brand-equity variation between corporate parents, 34.8% between units within the same parent, and 23.3% within units over time. In the fixed-effects estimates, a service incident is associated with an approximately 5.83-point loss at the affected unit and a 1.00-point loss at each sister unit, compared with gains of 2.39 and 0.43 points following an award. The corresponding proportional spillovers are 17.2% and 18.1%. Negative sister-unit spillovers differ by architecture: approximately −1.77 points in branded houses and −0.76 points in endorsed brands, with no statistically detectable effect in houses of brands. For a hypothetical eight-unit branded house, one incident corresponds to a total estimated loss of 18.15 equity-index points, 68.1% of which falls on sister units. Finally, own-unit equity has a positive conditional association with revenue (coefficient 0.565), while sister-unit equity has no statistically significant additional association after controlling for own equity.

Four practical recommendations follow, subject to the observational nature of the evidence.

First, incorporate reputational transmission risk into brand-architecture decisions. Groups with substantial differences in unit-level service quality or relatively frequent public incidents should compare the potential exposure associated with a single shared name against the recognition and coordination benefits of an endorsed or separate-brand arrangement.

Second, in branded houses, prioritise incident prevention and service-quality controls at units with the greatest operational risk. Because a large share of the estimated loss associated with an incident falls on sister units, local failures can create group-wide exposure that is not evident from average performance measures alone.

Third, assess corporate-brand campaigns through their effects on customers' evaluations of individual units. In the reported specifications, sister-unit equity does not add a statistically detectable revenue association once own-unit equity is controlled for. This makes unit-level customer response a relevant performance criterion for group-level communications.

Fourth, monitor brand equity at both corporate and unit levels. Because approximately 58% of variation occurs within corporate groups, an aggregate corporate score alone may conceal material differences among units and changes over time.

Further research could follow groups that change brand architecture to exploit within-group variation and record incident severity to distinguish event magnitude from transmission intensity. Access to the underlying panel and the index-construction procedure would also facilitate independent replication and more detailed robustness tests.

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