

BRAND EXTENTION

I. Classic Concept of Branding:

1 Brand = 1 Product = 1 Promise

II. Reasons for BEs:

1. Brand has both subjective and objective features. It's an asset. It's built over time and accumulates tangible and intangible capital. It should, thus, be used to fill in the financial growth gap.
2. R&D and advertising costs are very high in building a brand. Launching cost of a New brand, on an average, is 21% higher than a BE. Subsequently, cost of Marketing a BE will be much less.
3. BE gives access to an accumulated Image Capital of the brand.
4. BE defends risks from competition.
5. It re-in forces Image Capital.

Research findings in favor of BE:

1. 30% of new brands survive longer than 4 years. 50% of BEs survives the same period.
2. Trial rate of BEs is 23% higher.
3. Conversion rate is 17% vs. 13% for new brands.
4. Loyalty rate is 61% higher.

III. Difference between BRAND, LINE & RANGE Extensions:

Line:

LUX has Rose, White, Oil of Cade and various variants.

Mitchell's has Tomato ketchup, Garlic Chili & Mustard sauce.

Range :(Sizes &SKUs)

Lux is available in large and small sizes. So is Mitchell's in small and large Bottles.

Brand:

BE is extending the brand in a different category. From Lux soap to Lux bathing gel. From Dettol germicide to shaving cream, Talc. Powder or Tape & Pure water.

IV. Remote & Close Extensions:

MARS chocolate & Ice creams are close extensions as both are fun food items.

Yamaha's Motor cycles, generators & Musical key pads are remote extensions as they have no connections and belong to different fields.

V. Points to be considered for BE:

1. Fit
2. Added Value
3. New associations enhancing Brand Equity.

Fit:

Know the brand well. Understand its essence and deeper meaning. Take the brand vision, Picture, associations-personna, BVP & positioning-into consideration.

BIC depicts disposability. Its pen, razor or lighters worked well. But perfumes did not.

Dettol well received by the market in Water Purifying segment.

McDonald could not succeed in Photo coping.

2. Adding value:

Where ever the brand goes, it should help the offering. Shaan if extend itself into Jam Jellies market, the brand name alone should help customers articulate why the offering is superior to other brands. This will help the brand offer associations that will be relevant, credible and valued by customers.

Lipton---Tea, Coffee, Biscuits, Soups, Dates, Jam\Jellies

Ralph Lauren---Polo, Collections, Chaps

Teffal---Weighing scale, Kitchen wares, Telephone

3. Enhancing Brand Equity through Associations:

The equity should be enhanced by the brand's presence in another context-not only from increased visibility but from the associations generated.

Virgin Cola's outrageous plan to attack Coke strengthen the underdog image that is the essence of the brand.

Sualin, Saduri, Karmina, Joshandi from **Hamdard**

Cerelac, Kit Kat, Pure Life, Polo, Milk Pak from **Nestle**

4. Internal and external research, through Quantitative and Qualitative studies & Test marketing should assess where consumers want brands signature.

Rules according to Al Ries and Trout:

1. Expected Volumes: Potential winners should not bear the house name. Small- volume products should.
2. Competition: In a vacuum, the brand should not bear the house name. In a crowded field, it should.
3. Advertising support: Big-budget brands should not bear the house name. Small budget brands may.
4. Significance: Breakthrough products should not bear the house name. Commodity products should. Chemical industries.
5. Distribution: Off-the shelf items should not bear the house name.

Linking Brands

The Brand Relationship Spectrum (indicates degree of Brand extension by various companies):

1. House of Brands (P&G)

1 brand. 1 Promise. 1 Product.

Head & Shoulders dominates the dandruff control shampoo category. **Pert-Plus**, the perky category pioneer, targets the market for a combined conditioner shampoo market. **Pantene**- for hair so healthy it shines-a brand with a technological heritage focuses a market concerned with enhancing hair vitality. And lately-Herbal Shampoos-for those who believe in nature.

2. Endorsed Brands (Nestlé Kit Kat)

Brand is stronger than the endorser but the link remains.

3. Sub-Brands (NBP-Siabaan)

Normally the sub-brand is weaker and the endorser plays the driver's role.

4. A Branded House (Siemens)

No separate brands. Just the endorser.

Naming the BE

1. As a rule when BE is close to the core, it should not receive a new brand name.

National kai aachar. National ki ketchup

2. When it's remote, it should be helped by a specific or sub brand name.

Energile. Dalda. Blue Band

Pre-Cautions:

1. Foreseeing Risks. Price Fischer didn't enter the toddler segment because of accidents that may come with it.
2. Extension should ensure transfer of positive attributes; non-transfer of negative attributes. Finally positive traits should not become negative.

Reasons of Failure:

1. Low advertising
2. Low quality (Trust-cotton swabs)
3. Re-instating Brand values
 - . Failure to highlight the main brand and focus only on the extension.
4. Coherence of the Marketing Mix

MM has to gel in properly. Case in point is Lois Vitton or Signal Chewing Gums displayed with Tooth pastes.
5. Brand hides the product

New features of the BE should be highlighted otherwise the old brand hides the new product.
6. Brand extensions are likely to fail in New Markets or in Growth stage. This is so because young markets have little competition. Few brands. Few positionings. While BE needs a brand with strong positioning.

Pepsi Diet.RC Diet both launched in early stages. Coke came up with Tab.

Slide(s) Explained:

1. The only way for a brand to give a single meaning to a collection of extensions is to regard them from a higher viewpoint.
2. To make distant extensions more meaningful, the brand has to serve more as a source of inspiration and a value system that can embed itself in different functions.
3. Brands having only a physical facet and no profound identity do not lend themselves for large extensions. When a brand is close to its product class, it's difficult to extend.

Product brand= Egg shampoo, Palm Oil, Umbrella Coco nut oil

Formula brand=Mitchels; Shan; National

Know-How=Levers; Gillette; Palmolive

Interest=Sony; LG; Tefal

Value=GE