

Week 10 – New products and brand extensions

- **Brand extension:** When a firm uses an established brand name to introduce a new product line
- **Line extension** - Adds a different variety, a different form or size, or a different application for the brand
- **Category extension** - Marketers apply the parent brand to enter a different product category from the one it currently serves

Advantages of extensions:

- Facilitate new product acceptance
- Provide feedback benefits to the parent brand
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 - Nike has expanded from just shoes into athletic equipment and clothing. As a result;
 - Clarifies brand meaning
 - Enhances the parent brand image
 - Brings new customers into the brand franchise and increase market coverage
 - Revitalises the brand
 - Permit subsequent extensions
- **Expanding brand meaning through extension**

Brand	Original Products	Extension Products	New brand Meaning
Weight Watchers	Fitness centers	Low-calorie foods	Weight loss and maintenance
Sunkist	Oranges	Vitamins, juices	Good health
Kellogg's	Cereal	Nutri-Grain bars, Special K bars	Healthy snacking
Aunt Jemima	Pancake mixes	Syrups, frozen waffles	Breakfast foods

Disadvantages of extensions:

- Can confuse or frustrate consumers
- Can encounter retailer resistance
- Can fail and hurt parent brand image
- Can succeed but cannibalize sales of parent brand
- Can succeed by diminish identification with any one category
- Can succeed but hurt the image of the parent brand
- Can dilute brand meaning
- Can cause the company to forgo the change to develop a new brand

Four key assumption to analyse potential consumer's response

1. Consumers have some awareness of and positive associations about the parent brand in memory
2. At least some of these positive associations will be evoked by the brand extension
3. Negative associations are not transferred from the parent brand
4. Negative associations are not created by the brand extension

How brand extension affects brand equity

1. Creating extension equity (how salient, how favourable, how unique are the inferred associations.
 - Successful brand extensions much achieve the desired PoPs and PoDs, otherwise the brand risks becoming a “me too” brand.
2. Contributing to parent brand equity (strong evidence is attention-getting and unambiguous. Weak evidence may be ignored or discounted.

Vertical brand extension

Vertical brand extensions, which **extend the brand up into more premium market segments** or **down into more value-conscious segments**, are a common means of attracting new groups of consumers

Evaluating brand extension opportunities

- Define actual and desired consumer knowledge about the brand (identify key sources of equity)
- Identify possible extension candidates (what would be offered if the brand was to introduce a new product)
- Evaluate the potential of the extension candidate (consumer facts, corporate and competitive factors, category factors)
- Design marketing programs to launch extensions (Choose brand elements, design optimal marketing program, leverage secondary associations)
- Evaluate extension success and effects on parent brand equity (use brand tracking based on the customer-based brand equity model.

Tauber's brand extension matrix

	Current category	New category
Current brand name	Line extension	Category extension
New brand name	Flanker brand	New product

General strategies for establishing an extension:

1. Introduce the same product in a different form (Paul's smarter white milk bottles)
2. Introduce products that contain the brand's distinctive taste, ingredient or component. (Haagen-Dazs)
3. Introduce companion products for the brand
4. Introduce products that capitalise on the firm's perceived expertise
5. Introduce products that reflect the brand's distinctive benefit, attribute or feature

The strategic role of extensions

- Halo effect
- Disrupt the category or start of subcategory
- Create competition
- Fragmentation of segments
- Product platform (product platform)

Week 11 – Managing brands over time

Ensure to be:

- Relevant
 - Energised
 - Revitalised
 - Reinforced
- **Stay relevant:** A brand should inspire to **grow, win, and even dominate**.

Three reasons a brand loses relevance:

- The category that the brand is operating in is declining
- A reason not to buy has emerged
- The brand is losing energy and visibility