

# **Brand Extension Decision**



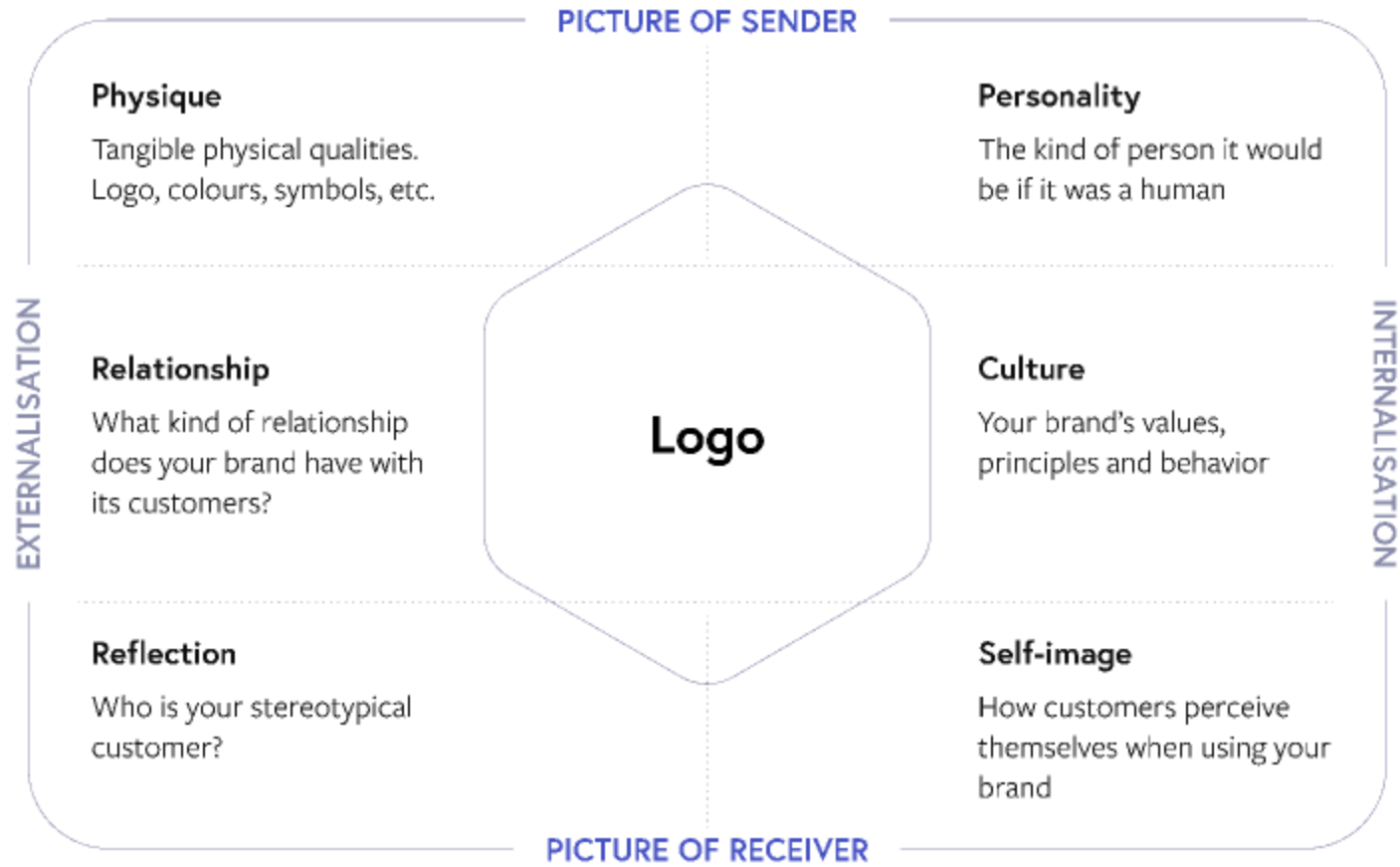
When a firm uses an established brand to introduce a new product, the product is called a **brand extension**. When marketers combine a new brand with an existing brand, the brand extension can also be called a **sub-brand**, such as Hershey Kisses candy, Adobe Acrobat software, Toyota Camry automobiles, and American Express Blue cards. The existing brand that gives birth to a brand extension or sub-brand is the **parent brand**. If the parent brand is already associated with multiple products through brand extensions, it can also be called a **master brand** or **family brand**.



Brand extensions fall into two general categories:

- **Line extension:** Marketers apply the parent brand to a new product that targets a new market segment within a product category the parent brand currently serves. A line extension often adds a different flavor or ingredient variety, a different form or size, or a different application for the brand (like Head & Shoulders Dry Scalp shampoo).
- **Category extension:** Marketers apply the parent brand to enter a different product category from the one it currently serves (like Swiss Army watches).

# Kapferer Brand Identity Prism



- Green labeled glass bottle
- Brown colored liquid
- Characteristic smell
- Stings on application

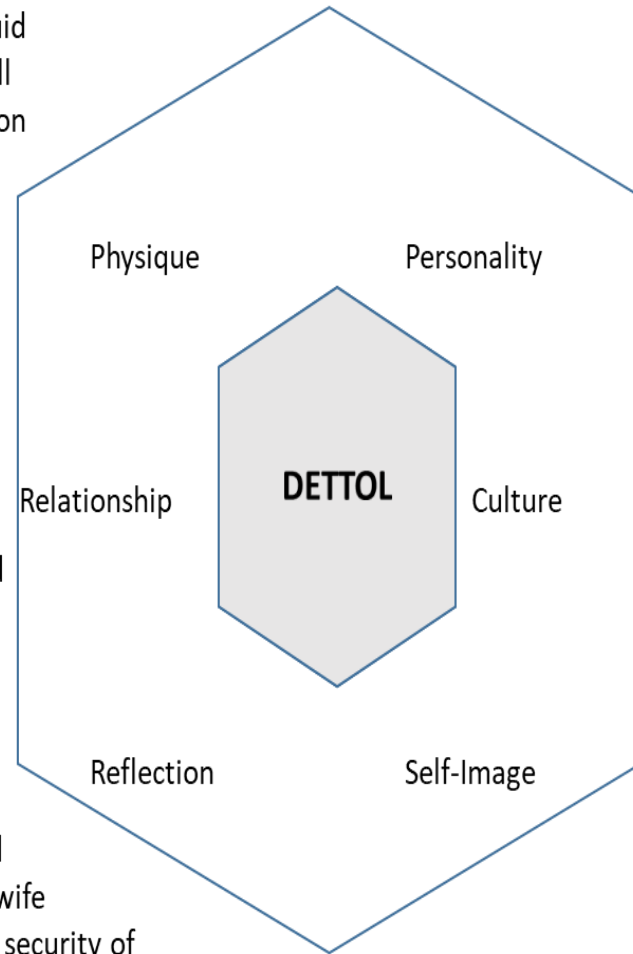
- “In-house -Doctor”
- Cures the patient rather than make him feel good
- Very strong and unique antiseptic platform

- Dual platform of functionality and emotion
- 100% germ fighter
- Protection for loved ones

- Deep rooted values lies in its superior composition and healing values
- Tangible through the odor and sting of the product

- Image of loving and responsible house wife
- The protection and security of the family is utmost

- Instant protector of bruises and minor accidents



### **Brand Identity of Dettol**

## Branding Decisions

Alternative Branding Strategies Today, branding is such a strong force that hardly anything goes unbranded. Assuming a firm decides to brand its products or services, it must choose which brand names to use.

Three general strategies are popular:

- ***Individual or separate family brand names.*** Consumer packaged-goods companies have a long tradition of branding different products by different names. General Mills largely uses individual brand names, such as Bisquick, Gold Medal flour, Nature Valley granola bars, Old El Paso Mexican foods, Progresso soup, Wheaties cereal, and Yoplait yogurt. If a company produces quite different products, one blanket name is often not desirable. Swift & Company developed separate family names for its hams (Premium) and fertilizers (Vigoro). Companies often use different brand names for different quality lines within the same product class. A major advantage of separate family brand names is that if a product fails or appears to be of low quality, the company has not tied its reputation to it.

***Corporate umbrella or company brand name.*** Many firms, such as Heinz and GE, use their corporate brand as an umbrella brand across their entire range of products. Development costs are lower with umbrella names because there's no need to research a name or spend heavily on advertising to create recognition. Campbell Soup introduces new soups under its brand name with extreme simplicity and achieves instant recognition. Sales of the new product are likely to be strong if the manufacturer's name is good. Corporate-image associations of innovativeness, expertise, and trustworthiness have been shown to directly influence consumer evaluations. Finally, a corporate branding strategy can lead to greater intangible value for the firm.

- ***Sub-brand name.*** Sub-brands combine two or more of the corporate brand, family brand, or individual product brand names. Kellogg employs a sub-brand or hybrid branding strategy by combining the corporate brand with individual product brands as with Kellogg's Rice Krispies, Kellogg's Raisin Bran, and Kellogg's Corn Flakes. Many durable-goods makers such as Honda, Sony, and Hewlett-Packard use sub-brands for their products. The corporate or company name legitimizes, and the individual name individualizes, the new product.

## Advantages of extensions

### **Facilitate New Product Acceptance**

- Improve brand image
- Reduce risk perceived by customers
- Increase the probability of gaining distribution and trial
- Increase efficiency of promotional expenditures
- Reduce costs of introductory and follow-up marketing programs
- Avoid cost of developing a new brand
- Allow for packaging and labeling efficiencies
- Permit consumer variety-seeking

### **Provide Feedback Benefits to the Parent Brand and Company**

- Clarify brand meaning
- Enhance the parent brand image
- Bring new customers into brand franchise and increase market coverage
- Revitalize the brand
- Permit subsequent extensions

## 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 but diminish identification with any one category
- Can succeed but hurt the image of parent brand
- Can dilute brand meaning
- Can cause the company to forgo the chance to develop a new brand

## **Brand Extensions and Brand Equity**

An extension's ultimate success will depend on its ability to both achieve some of its own brand equity in the new category and contribute to the equity of the parent brand.

*Creating Extension Equity:* For the brand extension to create equity, it must have a sufficiently high level of awareness and achieve necessary and desired points-of-parity and points-of-difference. Brand awareness will depend primarily on the marketing program and resources devoted to spreading the word about the extension.

Initially, whether we can create a positive image for an extension will depend on three consumer-related factors:

1. How salient parent brand associations are in the minds of consumers in the extension context; that is, what information comes to mind about the parent brand when consumers think of the proposed extension, and the strength of those associations.
2. How favorable any inferred associations are in the extension context; that is, whether this information suggests the type of product or service the brand extension would be, and whether consumers view these associations as good or bad in the extension context.
3. How unique any inferred associations are in the extension category; that is, how these perceptions compare with those about competitors.

***Contributing to Parent Brand Equity:*** To contribute to parent brand equity, an extension must strengthen or add favorable and unique associations to the parent brand and not diminish the strength, favorability, or uniqueness of any existing associations. The effects of an extension on consumer brand knowledge will depend on four factors:

1. How compelling the evidence is about the corresponding attribute or benefit association in the extension context—that is, how attention-getting and unambiguous or easily interpretable the information is. Strong evidence is attention-getting and unambiguous. Weak evidence may be ignored or discounted.
2. How relevant or diagnostic the extension evidence is for the attribute or benefit for the parent brand, that is, how much consumers see evidence on product performance or imagery in one category as predictive of product performance or imagery for the brand in other categories. Evidence will affect parent brand evaluations only if consumers feel extension performance is indicative of the parent brand in some way.
3. How consistent the extension evidence is with the corresponding parent brand associations. Consistent extension evidence is less likely to change the evaluation of existing parent brand associations. Inconsistent extension evidence creates the potential for change, with the direction and extent of change depending on the relative strength and favorability of the evidence. Note, however, that consumers may discount or ignore highly inconsistent extension evidence if they don't view it as relevant.
4. How strongly existing attribute or benefit associations are held in consumer memory for the parent brand, that is, how easy an association might be to change.

## **How does a customer evaluate brand extension?**

For the success of a brand extension, a perceived “fit” is needed between the extension and the parent brand. Fit has been defined by Tauber (1988) as the extent to which a consumer believes that the new product is a reasonable and expected extension of the brand (p. 26-30). For example, if Lakme’, an Indian cosmetic brand primarily targeted at women, is extended to designer wear, it would be regarded as having a good fit with the original brand. However, Lakme’ men’s bathing soap would not be seen as having a good fit with the parent brand. A new product that does not reflect a good fit with the parent brand may not gain customer acceptance.

## **Aaker & Keller Model**

Aaker & Keller (1990) developed an attitude-based model of how customers evaluate brand extensions. According to them, the following factors influence the success of extensions:

- a) *Quality of parent brand*: Higher quality perceptions towards the parent brand will favourably affect brand extension success.
  
- b) *Difficulty in making the extension*: The customer’s perception of the extent of difficulty in manufacturing an extension has a positive effect on the brand extension’s success. For example, the extension of an electronic product brand into candy may not be accepted by customers because they may believe that it is an unwarranted exploitation by the company, given that it is easy to manufacture candy.

*c) Fit:* The fit between the parent brand and extension increases the chances of success of the brand extension. Fit has three dimensions:

- **Complementarity:** Complementarity means the two products (parent brand and the extension) can be used together, either in a common situation or in satisfying some need (e.g., cricket bat and stumps, pizza and sauce). A company that is engaged in the manufacture of cricket bats can manufacture stumps as well. Consumers will see a fit between them and their acceptance of the extension will be high.
- **Substitutability:** Substitutability means the two products can be substituted, i.e., they can satisfy the same need (e.g., floppy disk and compact disc). A person can do the same work with either of the two.
- **Transferability:** Transferability means the extent to which a company can use its expertise in manufacturing the brand extension. This expertise includes production facilities, employees and the skills of the company (e.g., Logitech mouse and Logitech keyboards, Bajaj scooters and Bajaj motorcycles). In the case of a hypothetical extension of McDonald's into photo processing, respondents in Aaker and Keller's study opined that McDonald's should stay in the food business as it had no expertise as a photo processor.

1. Define actual and desired consumer knowledge about the brand (e.g., create mental map and identify key sources of equity).
2. Identify possible extension candidates on basis of parent brand associations and overall similarity or fit of extension to the parent brand.
3. Evaluate the potential of the extension candidate to create equity according to the three-factor model:
  - Salience of parent brand associations
  - Favorability of inferred extension associations
  - Uniqueness of inferred extension associations
4. Evaluate extension candidate feedback effects according to the four-factor model:
  - How compelling the extension evidence is
  - How relevant the extension evidence is
  - How consistent the extension evidence is
  - How strong the extension evidence is
5. Consider possible competitive advantages as perceived by consumers and possible reactions initiated by competitors.
6. Design marketing campaign to maximize the likelihood of success and potential positive feedback effects.
7. Evaluate extension success and effects on parent brand equity.

## **FIGURE 12-6**

Steps in Successfully  
Introducing Brand  
Extensions

1. Successful brand extensions occur when the parent brand is seen as having favorable associations and there is a perception of fit between the parent brand and the extension product.
2. There are many bases of fit: product-related attributes and benefits as well as non-product-related attributes and benefits related to common usage situations or user types.
3. Depending on consumer knowledge of the product categories, perceptions of fit may be based on technical or manufacturing commonalities or more surface considerations such as necessary or situational complementarity.
4. High-quality brands stretch farther than average-quality brands, although both types of brands have boundaries.
5. A brand that is seen as prototypical of a product category can be difficult to extend outside the category.
6. Concrete attribute associations tend to be more difficult to extend than abstract benefit associations.
7. Consumers may transfer associations that are positive in the original product class but become negative in the extension context.
8. Consumers may infer negative associations about an extension, perhaps even based on other inferred positive associations.
9. It can be difficult to extend into a product class that is seen as easy to make.
10. A successful extension can not only contribute to the parent brand image but also enable a brand to be extended even farther.
11. An unsuccessful extension hurts the parent brand only when there is a strong basis of fit between the two.
12. An unsuccessful extension does not prevent a firm from backtracking and introducing a more similar extension.
13. Vertical extensions can be difficult and often require sub-branding strategies.
14. The most effective advertising strategy for an extension is one that emphasizes information about the extension (rather than reminders about the parent brand).
15. Individual differences can affect how consumers make an extension decision, and will moderate extension effects.
16. Cultural differences across markets can influence extension success.

**FIGURE 12-7**

Brand Extension  
Guidelines Based on  
Academic Research