

Brand Extensions Tutorial 4

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Today's Tutorial

Group Activity 1

Presentation

Group Activity 2

Wrap Up + Q+A for the Assignment

Brand Extensions

A brand extension occurs when a firm uses an established brand name to introduce a new product. When a new brand is combined with an existing brand, the brand extension can also be a **sub-brand**. An existing brand that gives birth to a brand extension is the **parent brand**. If the parent brand is already associated with multiple products through brand extensions, then it may also be called a **family brand**. Brand extensions fall into two general categories:

Brand Extensions

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.

Category extension: Marketers apply the parent brand to enter a different product category from the one it currently serves. For example, Oprah Winfrey leveraged the success of her show to introduce the successful publication called O, The Oprah Magazine. Oreos extended its brand from cookies into ice cream bars.

Brand Extensions

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.

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.

There is a big section on brand extensions in the textbook p488



Group Activity 1

10 minutes then 5 minutes presenting

As a group find a brand that has either had great success or failed miserably.

Discuss why they were successful or why they failed

Think of ways to incorporate different ideas we have learnt, think about associations, brand resonance etc

Present

2.5 - 5 minutes each group

What was your brand?

Were they successful or did they flop?

What caused the outcome of the brand extension?

What ideas from marketing can explain the outcome?

Group Activity 2

10 minutes then 5 minutes presenting

Now as a group discuss The Hurricanes! (I know, it's getting tiring but we are nearly there)

How easily could the Hurricanes introduce brand extensions? Why? If discussions suggests a nil possibility, then why? What are the alternatives they could employ.

What brand extensions or category extensions can you identify for the Hurricanes? How about sportswear, children's clothing, cosmetics? You can be as crazy or sensible as you want.

Generate an idea, create a pitch to an investor, then present however you like

Present

2.5 - 5 minutes each group

What's your idea?

Can the Hurricanes implement it?

Do you think it will work in the long term?



Thank You

Stick around for Assignment 2 Q+As

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Assignment 2

Q+As

