

Established brand extension strategies: Suggestions for success

Brand extension – sometimes called “brand stretching” – is when a business uses one of its existing names for a new product line or type. This growth helps a brand to stretch out in new directions but carries over the brand’s existing brand equity to instill customer trust and continue building on current brand loyalty.

It can be a great way to reach new audiences, find new customers and increase sales when done right. Below is a checklist of how you can achieve this:

Choose the right brand extension strategy for your needs

The right brand extension strategy will avoid brand dilution and build on a strong brand identity. Choosing which type of brand extension to go for will require a good look at the outcome you’d like to achieve.

For example, a vertical brand extension – such as a brand line extension – is a relatively simple approach to selling to the same audience. If you have an engaged following, existing customers won’t find it unreasonable to buy similar products with the same brand name. This can be a faster way to better sales, without having to develop a new flagship product.

A horizontal brand extension – such as a company authority extension – can be more of an undertaking but for a brand that’s exhausted the pipeline of current customers, this can be a great way to open the business up to new audiences.

Research your market thoroughly

There are plenty of examples of unsuccessful brand extensions out there. Most of the time, brands run into problems because they ask too much of their customer’s trust, or stretch past the acceptable limits of the associations consumers make with their brand.

For example, toothpaste company Colgate’s attempt to move into the food industry with a hot meal product line (Colgate Kitchen Entrees) fell very flat. This was likely because a

consumer base accustomed to using Colgate's minty cleaning products in their bathroom couldn't make the mental jump to eating food made by the same brand.

Doing market research beforehand to understand *why* customers chose Colgate—the experiences with the brand they valued and what type of products they'd be open to trying—may have helped to dissuade the company from making an ill-advised, expensive brand extension.

Questions to answer can include:

- Why is your brand unique?
- What does the brand promise and deliver to its customers?
- How do customers feel about your brand?
- What does the brand currently not provide? What new products would be appealing?
- What is the perception of your brand in the wider market?

Answering these questions will help you get a better view of the landscape to avoid failure.

Ensure product innovation

Just because a company does one thing well doesn't mean it can do everything well. New products need to be tested and honed, and companies can't only rely on their good name to make their brand extension a success. Ensuring the new product or service is innovative and adds value to the lives of consumers can help ensure the extension performs well.

Properly position and market your product

Consumers need to know that the company marketing the new product is the same company that they already trust. Targeted marketing to promote new products or category awareness can help customers understand the brand's new offerings before they see the spin-off in the store or online. With a brand extension, you may need to improve your brand guidelines to ensure your marketing efforts reflect your extension.

Don't use it as a fix for a floundering brand

If you're looking to turn a struggling brand's success around, a brand extension is a risky strategy. Launching something new might seem like it makes logical sense when your initial traction fades, but it can be an expensive venture that has a high risk of failure. Focusing on your current stable of products or services and optimizing them for success will be more likely to bring ROI.

