

Burberry reinventing the brand

[Business](#), [Management](#)



Kotler and Keller (2009), suggests that brand extension is the introduction of new products into a market by a company, under an already existing strong brand. This could be an extension of the brand or may not have anything to do with the existing brand. An existing brand that gives rise to the brand being extended is known as the parent brand. There are advantages and disadvantages involved in brand extensions. David A.

Aaker though limits brand extension to “ the use of a brand name established in one product class to enter another product class”. Jim Riley looks at brand extension as the introduction or re-lunch of products through an existing successful brand name in the same market, and also companies enter markets, come up with new brands and product categories through successful brands. He also talks about brand stretching which is introducing branding in unrelated markets.

An example Giorgio Armani, a cloth production company or designer entering into fragrances, Starbucks, a coffee house entering into ice cream and the production of liquor. Brand extensions has its own advantages and disadvantages, with some of the advantages being facilitate new-products acceptance, provide positive feedback to parent brand and company, reduces risks, reduce costs of introductory lunch campaign, packaging cost is cut down too, serves as basis for other extensions and acceptance of new products are made easier.

On the other hand, these advantages have its corresponding disadvantages being; brand line extension can cause a parent brand to loose its identity, brand dilution, confusion among costumers, loss of reliability, damage to company's integrity, spurious linkages, and if the brand extension has no

advantage over its competitive brands in the new category, it will fail. Facilitate new-product acceptance, due to the brand name and goodwill of parent brand costumers find it easy to accept and try new brands even if it's not an extension but another venture from the same company, and this also reduces risks of acceptance.

An example is Richard Brandon's extension from music to airlines " Virgin Airways" and also telecommunications. Due to the success of the record label people knew he wont compromise value and quality with making profits. Providing positive feedback to parent brand and company (Kotler and Keller, 2009), this helps a company to extend more because of the information from costumers with regard to the new brand. Feedback tells the company how good the company's product is and ways it can be improved and also brings in more customers by increasing brand franchise and brand loyalty to increase its profit with new product offerings.

With this, brand meaning is clarified as well since the extension allow. An example is Oprah Winfrey extending from television to newsprint " O magazine". Also, Coca Cola since 1886 had never introduced anything new to the market but extended and came up with the diet coke with the same Coca Cola trade mark in 1982, this was due to the increasing demand from costumers and consumers, and also an increase in production for that from their competitor (Pepsi) who started producing in 1964. Another example is the extension to sports drink and energy drink from children's health drink by the Lucozade brand.

Reducing cost of introductory launch campaign, companies do not spend a lot of money introducing the extension since people already know the parent

brand, what it stands for and does. The campaign here is rather on how different or what the extension can do different from the parent if it's an improvement of the parent brand. An example is Apple introducing the iPhone 5, the message was not about the phone but rather how different it is from the 4 and 4s in terms of features and also its being an improved version of the 4.

In addition, with the same brand " iPhone 4", Apple was able to cut down packaging cost since the 4 and 4s were the same in everything but just had 1 or 2 improvement on the 4s. The 4s just had the voice command, A5 chip and 4 had A4, and the 4s had 8 megapixel while the 4 had 5. From the above one would think brand extensions are perfect and don't come with its own problems and complications, but it's far from that. When its not done well, line extension can cause parent brand to loose its identity since consumers may like the new product more and not want the parent brand again.

It could also affect the parent brand in the sense that when the company spends less on packaging companies costumers turn to get confused with the parent product which they may like and may look the same as the new product they don't want. An example was the introduction of All-Natural cleaning vinegar by Heinz in 1993, the product is no longer on the market and failed because the packing was too similar to the original Heinz vinegar and the consumers didn't want to buy nearly identical bottles of very different products despite the clear labeling.

Brand dilution is also a disadvantage associated with brand extension; the risk of over extension is brand dilution where the brand loses its brand associations with a market segment, product area, or quality or price. This

can also be said to be when consumers think less of a product and don't associate a product with a specific brand. An example is when McDonalds in 1996 spent \$100 million in advertisement to introduce the Arch Deluxe and it failed. This was because the product was not what the McDonald brand stood for.

Brand extensions can damage the image of the company, parent brand and also cause the company a lot of money when not done properly. When an extension generates problems and complications consumers and costumers turn to loose interest in the brand and other products being manufactured by the company.

Toyota fell victim to this type of disadvantage with their Toyota Camry, when they had to call back about 350, 000 cars in the UK, and are speculating on calling up to 7. 4 million vehicles world wide, including some Yaris, Corolla and Camry models, over faulty window switches. When brands are extended and it has no advantage over its competitive brands in the new category, it wont work and will fail, extensions may reduce the awareness of parent brands and also confuse consumers on the right product for them since another kind of the same product is produced. Spurious linkages, is about companies introducing brands that have no relationships between the parent brand and the extension.

An example is the introduction of Bournvita biscuits by the Bournvita company, the company had it good with milk and nursing mothers had no problems feeding their babies with Bournvita in milk, Bournvita biscuits could not win them over and now the product has disappeared. From the above, brand extensions can be good or bad depending on how well a company

researches into how best they can extend their brands without affecting the company and parent brand's image, and also by considering their customer, consumer base, and competitors with regards to what was mentioned above.