

Managing the environment (mewk3 dq2)



**ASSIGN
BUSTER**

My position is, based on my readings and analysis of brands and branding strategies, brand extensions are an important brand growth strategy.

Foremost is that brand is an asset, although it is an intangible one, which needs to be managed by its owner. An asset without being put to use becomes a liability. Kotler and Keller said that as companies begin to recognize that "one of their most valuable assets is their brands" (2008, p. 279), these companies will begin to find ways on how to leverage on these assets. One leveraging technique is brand extensions.

Brand extension is the introduction of a new host of products under some of a company's strongest brand names (Kotler & Keller 2008, p. 280). Perhaps, one of the most effective defenses for brand extensions is to list success stories of such strategy. Let us take for example Apple, Inc. and Steve Jobs - they have successfully leveraged on one of their brands, the iPod which is now featuring a wide range of mobile entertainment products.

According to a study done by Ying, Jin and Yi, "the higher the consumers' degree of information exposure, the higher product knowledge and impulse purchasing behavior" (2008, p. 418). Brand extensions is one of the more effective ways of providing information exposures of the products to the consumers. Encouraging the consumer's impulse buying behavior is necessary in retailing: "Previous studies discovered that 39% of all department store purchases and 67% of all general store purchases are impulse purchases" (Ying, Jin & Yi 2008, p. 419).

Moreover, Lei, de Ruyter and Wetzels found out that "a parent brand receives more positive evaluations after the introduction of a step-up extension than that of a step-down extension" (2008, p. 268). It seems here, then, that whether a brand extension is successful or not, it will still be

beneficial to the parent brand.

Admittedly, for brand extension to be an important brand growth strategy, the company must do it with caution. Kotler and Keller identified several pitfalls in brand extensions and these are:

" a brand that is seen as prototypical of a product category can be difficult to extend outside the category" (2008, p 283).

" consumers may transfer associations that are positive in the original product class but become negative in the extension context" (2008, p 283).

" an unsuccessful extension hurts the parent brand only when there is a strong basis of fit between the two" (2008, p 283).

On the other hand a successful brand extension " can not only contribute to the parent brand image but also enable a brand to be extended even farther" (Kotler & Keller 2008, p 283). Hence, it is my opinion that a company which opted to do nothing as regards their brand assets is a failure. Doing nothing surely is. In order for a brand extension strategy to be successful, the company must make further study on how receptive its consumers are to that brand extension. Larry Yu said that the willingness of the consumers to accept brand extensions depends on the consumers' state of mind (2008, p. 7), hence the company doing the extension must learn what state of mind that is.

Works Cited

Kotler, P. & Keller, P. 2008, Marketing Management, Pearson/Prentice-Hall, New Jersey.

Lei, J., de Ruyter, K. & Wetzels, M. 2008, 'Consumer Responses to Vertical Service Line Extensions', Journal of Retailing, vol. 84, no. 3, p. 268.

Ying, P., Jin, L. & Yi, S. 2008, 'Relationship between Consumer Information
<https://assignbuster.com/managing-the-environment-mewk3-dq2/>

Exposure, Product Knowledge, and Impulse Purchasing Behaviour: An Empirical Analysis', *International Journal of Management*, vol. 25, no. 3, pp. 418-431.

Yu, L. 2008, 'A Mind for Brand Extensions', *MIT Sloan Management Review*, vol. 49, no. 4, p. 7.