

# Brand extension – furniture

[Business](#), [Company](#)



In today's fierce competition, organizations are driven to reach, strengthen their existences in particular markets, and become a multinational enterprise by taking a mixture of policies including finding new market, developing new features, or even performing a merger and acquisition (M&A). Concerning the developing market, this paper discusses and recommends corporate brand strategy for two companies that are proposed to merge; they are Habitat and Fabprefab. The discussion will first elaborate overviews of Habitat and Fabrefab including the elaboration of each strengths and weaknesses that will benefit the merger.

In addition, this paper will also elaborate the benefits and perils of mergers and a concept of developing brand strategy. In the end, we provide recommendation for the merged companies, Habitat and Fabprefab, since it is potentially experiencing downfall. The recommendation should take into account considerations that ensure the delivery of best service and creative, strategic and economically sustainable ways to transfer the tangible and intangible values of a brand into new product (service) categories, new markets or new industries.

In order to broaden organization reaches, strengthen their existences in particular markets, and become a multinational enterprise, managements of the organization can take a mixture of policies including finding new market, developing new features, or even performing a merger and acquisition (M&A). Mergers and Acquisition (M&A) is one example that a business performs to keep their business growing and getting bigger. This makes sense since the number of M&A is getting bigger every year. According to

the Securities Data Company, the dollar value of U. S. (M&A) in 1996 recorded a 27 percent increase to US\$658.

While an M&A becomes a corporate strategy, marketing strategy interprets the corporate strategy to match the market characteristics and customers' needs. Therefore, marketing department becomes the front liner of the company since marketers, people who work at marketing department, are those who made actual contact with customers within their daily operations. Their responsibilities are to generate constructive views of customers about their company. Therefore, it is their responsibilities to comprehend what customer really wants and how they want to be treated.

This is important to ensure the products are saleable in the market. Under such circumstances, it is not a great surprise that term ' marketing oriented management' emerges in today's management practice in order to help organizations to focus in serving customers. Concerning corporate and marketing strategies, this paper will discuss and recommend corporate brand strategy for two companies that are proposed to merge; they are Habitat and Fabrefab. The discussion will first elaborate overviews of Habitat and Fabrefab including the elaboration of each strengths and weaknesses that will benefit the merger.

In addition, this paper will also elaborate the benefits and perils of mergers and a concept of developing brand strategy. Proposed Mergers between Habitat and Fabrefab. Habitat Habitat is furnishing company that established in UK, especially London, in 1966. Within the over 40 years of operation, the company now serves in more than 76 stores worldwide in which 42 of them are in UK, 24 are in France, and the rests are in Spain (5), <https://assignbuster.com/brand-extension-furniture/>

Germany (5), and other countries through franchise system. Like other furniture companies, Habitat also has wide range of products for living room, dining room to kitchen, and bathroom.

In internet era, the company has also provided online catalogue although it has not enable the any online transactions. Habitat and Needs for Strategic Partnership By definition, alliance is an agreement between two or more individuals or companies that agree to perform particular action in order to achieve a common goal (WebFinance, 2005). Since the intention of a strategic alliance is to give strengths to each entity, therefore, each entity has to have particular strength that is beneficial for other allies. In this situation, the parties involved (allies) have harmonizing strengths.

As explained above, strategic alliance in business situation has potential benefits and disadvantages. The intention of a strategic alliance is to grow a company's revenue without the need to incur high expansion costs. Although Habitat is a large company, we see that the company is in need to perform strategic partnership so that they can quickly exist in target market and gain improved brand awareness. For that reason, we suggest that Habitat should perform strategic partnerships with other furniture companies or with supplier in order to gain one or more benefits as following:

- enable a company to enter a new market with new products and services without incurring costs of research and development for the products
- widening the market reach without the need to establish a new branch offices
- increase the volume of production output

- use new technology that simplify the process while enhancing the quality of products

Speed up the research and development by sharing costs and resources (BDC, 2006). Habitat and Intention to be Real Estate Brokerage Service Real estate brokerage service has its own level of competition that Habitat may not comprehend yet.

It means that Habitat should focus on developing core competences as furnishing retailers instead of extending services into real estate brokerage that Habitat does not have any experience in the industry (Habitat, 2006). We would rather suggest habitat to perform strategic partnership with multinational companies that have wide market penetration in locations that Habitat does not exist yet. This is in line with the one of the benefits of strategic partnership as mentioned above (Habitat, 2006). II. 1. 3 Habitat and construction service

Although construction service is not Habitat core competence but construction service has relation with furnishing industry. It means that Habitat could enter the construction service but they had better to perform alliances with one company in the industry instead of by establishing its own company. The form of alliance could be the first options of using Habitat' product in construction projects that require completed full furnished buildings or need an advisor to design furniture for building projects.