

Successful brand extension: toyota lexus



**ASSIGN
BUSTER**

Toyotas have a reputation as innovative extremely well manufactured vehicles. Despite a name for reliability, the company found it hard to make inroads to the cliquey luxury market, dominated by German, British, and American companies. Therefore, the name Lexus was created specifically during 1987 to give Toyota a second marketing channel in the United States. The name Lexus was created by combining two words that depict the vehicle, 'Luxury' and 'Elegance'. The brand Lexus aimed to compete with well known European luxury brands.

It was launched in 1988 at the Los Angeles Auto Show. It was the first step in the creation of a sub-brand that gave a realistic chance for Toyota to join the luxury car market which is increasingly expanding. Both name and logo were conceived with one intention: to clearly communicate luxury and superior quality.

The new Toyota luxury vehicle division achieved remarkable gains against Mercedes and BMW in just two years. In 1991, Lexus become the premier imported car in the United States eventually defeating BMW and Mercedes-Benz sales. The Lexus brand became an icon of quality luxury motors. According to "Automotive Performance, Execution and Layout", Lexus ranked as the most appealing premium luxury car, scoring higher than its competitor, the Mercedes Benz S-Class in the US market.

Clearly, the successful extension of Lexus is the result of Toyota has employed a corporate umbrella brand across models effectively which provided a chance for the company to enter a new territory.

In addition, it could be argued that upscale extensions of prestige products seem to be more acceptable. Numerous prestige brands like Lexus are direct upscale extensions from other models and have been well accepted.

Consumers seem to recognize and accept the enhanced prestige brand image of such upscale extensions.

Another remarkable brand extension is Diesel. From its origins as a jeans wear label (it was the best selling brand in the sector in the UK in 2002; Drapers, 2003). Diesel has expanded the coverage of its core brand to include mens' and womens' casual and outerwear. The brand also includes an accessories range. In order to appeal to the more street-aware customer, the 55 DSL range offers a dynamic fashion/sports option within stand alone stores and via wholesale stockists. Younger customers are introduced to the brand through Diesel Baby and Diesel Kids. The StyleLab brand is an associate brand of Diesel. It is positioned as an experimental and fashion-forward range within dedicated stores. The company has sought to extend their offer through the purchase of other brands, such as Martin Margiela, which offers an urban take on fashion trends. Therefore, overall you will see that Diesel has done a good job in maintaining its brand name and extension in the eye of customers and is doing great till now. The design and logo/typeface of each extension, which seems to fit into each individual market and well support the parent brand, also contribute to Diesel success.

Last example of a brand which has been successful in brand extension is Marks & Spencer, originally associated with the retail sale of clothing, has been successfully extended over the years to encompass not only the retail sale of food and furniture but also financial services including the provision

<https://assignbuster.com/successful-brand-extension-toyota-lexus/>

of pensions, units trusts and life insurance. The company has been able to stretch the brand name successfully into these different areas by relying upon the consumers' perception of the brand as a mark of high quality, value for money and a name that can be trusted. Financial services now account for 18 percent of the group's total operating profit. According to Mark & Spencer's Media Relations Manager- " Research shows that more and more people like to come to a name that is trusted, offers value for money and gives high quality service".

In stretching its brand name to financial services Marks & Spencer recognizes the importance of stressing the brand name- " the retail brand is widely known and highly regarded. We need to use that to demonstrate to our personal finance customers that the same brand means there is a link between the two- they will get the same quality and value for money"

Failure brand extension

An example of a company that was unsuccessful in its attempt to extend the use of its brand name into a new product area is Levi Strauss and Co. In 1979 the company decided to maintain business growth by expanding its market into a new sector by launching a range of classic tailored men's clothes under the brand name " David Hunter- Levis Tailored Classics". The range consisted of men's tailored wool suits. The suits were of good quality and were comparable to those of competitors in terms of style, material, fashion and workmanship. The brand proved to be a disaster despite costly professional development and promotional support and the product was withdrawn within a year. One of the reasons for the product failure was said

to be the fact that the new range of tailored classic clothes did not “fit” (in terms of consumer perception) with the use of the Levi brand name which was associated with denim hard wearing working men and good value leisure or casual wear. Consumers of tailored clothing felt that the Levi name was inconsistent with top quality men’s suits and they were not therefore persuaded to buy the suits.

The use of an established brand name can therefore be both a hindrance and a help to the introduction of a new product or service. When considering extending the use of a brand name the brand owner needs to consider carefully what associations are attached to the existing brand and ensure that the new product is consistent with those associations.

Another example of brand extension failure is Harley Davidson brand that being stretch too far from its value position.

For Harley Davidson royal customer, it seems that they do not care that the motorcycle they ride are not the best in term of technology, what they care perhaps is the biker’ myth. What it is really about with a Harley Davidson is the sound, everybody loves the rumble. The appeals of the Harley Davidson value are strong, rugged, and essentially masculine and its customers take brand loyalty to extreme levels.

The company has attempted to capitalize on this unique strength by pushing the Harley Davidson chain of shops selling a wide variety of brand merchandise such as T-shirt, lighters, and so on. However the real problem occurred when Harley Davidson attached its name to a range of aftershave and perfume. For lovers of the motorcycle, this was a too far extension. The <https://assignbuster.com/successful-brand-extension-toyota-lexus/>

quest for more products and to broaden the Harley Davidson line went against the way the company had built the brand in the first place.

Consequently it was proved to be a failure extension and the company stopped producing perfumes, and other inappropriate products.

Based on the evident above, it could be argued that analyzing and elaborating the brand value is essential when planning the extension. Using the same name in unrelated categories can create difficulties and perhaps lead to disaster.

The last example of failure brand extension is Xerox computer technology and data processing. Xerox is regarded as one of the branding success stories of the 20th century; therefore, the problem of Xerox extension was not that the brand name was too weak. Instead, the problem was that Xerox was a very strong brand name, but one associated it almost exclusively with copier machines.

From 1970, the company has expressed its desire to stretch beyond copying into the field of computer technology and data processing. The first Xerox computer was launched in 1975 and it failed disastrously. Xerox lost a fortune of money. Four years later, the company was still determined to extend its brand beyond the copier market by introducing a fax machine. This time again it failed.

Despite best efforts to be associated with office technology, the public remained stubbornly unwilling to think of Xerox in any term other than an office copier technology.

To sum up, the simple fact that could explain this pitfall is that most large brands are associated with one product or service offering. With Coca-Cola, it is cola. With Levi's, it is blue jeans. With Harley Davidson, it is bikes. With Xerox, it is a copier. Therefore, to be able to attain a new market Xerox may need to create a new brand identity and value position as well as using different marketing approaches to enter a new market.