

Is proper brand extension necessary for the survival of the parent brand essay sa...



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Brand extension plays major role in bringing awareness of parental brand and leads to rise in the sales of the product. The worth of brand extension from the parental brand has been extensively accepted in all the consumer markets. The brand extension is an effective tool which will enhance the brand image of the parental brand. Brand extension is the best way of capitalising on a brand to sell new products or services and acquires new customers to the brand. Brand extension should never lead to the loss of existing customers with the parental brand.

Sometimes brand extension leads to dilution of parent brand due to lack of experience technically and functionally, in the new category selected. Some of the companies extend their brands into completely new category without proper analysis on the future consequences and the existing competitors, which may lead to the failure of extended product or the brand. The concept of consumer brand extension will be recognised till the customers are loyal to the parental brand. Once the customers lose loyalty, brand extension leads to wastage of money, time and labour etc.

Customer's unawareness of the brand's ability in new category makes the product suffer from the problem of incredibility. Customer behaviour towards brand extension may differ in quite a lot of ways. The understanding of these differences can play a significant role in the brand extension besides providing competitive advantage to any business establishment in growing market. This research proposal is based on the conceptual-theoretical Research method and the final research will attempt to test the hypotheses that have been derived from the review of literature.

The dissertation will be an attempt to investigate the impact of brand extension on the consumer purchase behaviour. Why the study of brands and Brand extension is so important? Brand its perceptions, value and role there are many questions arises when we have a look at the market place. These questions are not only important from consumer's point of view but it also has a keen importance from marketer point of view. All the manufacturing and service organisations have been found to struggle in achieving the first priority of their consumers in term of their selection criteria to purchases.

Understanding brands and brand extension are challenging an activity which enable the organisations to create effective marketing strategy in targeting the existing and potential consumers and leads to achieve the profit margins and other competitive advantages in the market place. The idea of marketers behind brand extension is to satisfy the customers by taking an upper hand in the competitive world. There are some companies which extend their brands within the same category but of different flavours. All the marketers extend their brands in the same line updating the trends in terms of tastes and preferences of the customers.

But there are many problems associated with these line extensions. Line extensions hold good as far as they meet the needs and wants of the consumers but once the brand proliferation takes high pace so as to withstand the competition, it leads to negative track introducing new problems. Customers are confused if there are wide ranges of products indistinct in their features and also shelf filling becomes a tough task to the

retailers in giving priority to wide varieties which also includes their own brands (Kotler, 2006).

Line extensions mostly targets a particular market segment considering the needs and tastes of the consumers. But sometimes the target market for the products may change based on psychological or geographical factors (Kotler, 2006). Therefore segmentation should also consider the type of product before choosing the target market. However these kinds of Line extensions do land up with negative results like cannibalising the parent brand, taking away the market share of the existing brands including parent brand.

To avoid the failure of the newly launched product, the proper decision should be taken by the manager plays a vital role in any organisation. Here raises the question whether to centralise the brand portfolios or to manage them individually. Centralisation is the best way to handle the situation when number of brands enters into the market, as individual handling of brands may result in overlapping investments and customer confusions. In centralisation, brand loyalty helps in building up the overall brand image of the organisation further promoting new products avoiding the problem of incredibility.

Though this approach does not have much role in cutting costs but it helps in gaining consistency across organisation and to improve brand power (Mike Leiser, 2006). However, there are also cases where centralisation fails to manage brand portfolios. After considering pros and cons of both centralisation and decentralisation, it can be said that centralising or decentralising brand portfolios depends on the type of the product. As

customers are the judges of product's efficiency, the problem of brand uncertainty arises if the marketers are not keen on competitors.

Brand positioning allows the target market to recognise the distinctive offering and image of the corporation. So it is very important for the company to position itself in proper segment. Samsung is the brand which suffered the low quality brand image in its early stages and now challenging the world-class brands like Sony by repositioning itself as brand of quality (Robin, 2003). Hence proper positioning of the brands avoids the influences of the segments on global companies by driving away confusions in the customers' minds.

But creating competitive brand positioning involves a common problem, which is negative correlation of attributes or benefits that make up the points-of-parity and points-of-difference. However, this problem can be addressed by presenting two different marketing campaigns each explaining different attributes as done by Head & Shoulders (Kotler, 2006). For better understanding of brand positioning, knowledge of customers' perception on brand is the important requirement for any marketer, as strong insights into customers' behaviour provide clear path for them to design their positioning strategies.

Without adequate knowledge on customers' needs and wants it is not affordable at the marketers end to attempt for any changes in their positioning status or other marketing activities. As the tastes and preferences of customers keep on changing depending on trends, it is marketer's part to enhance and update the requirements considering the

satisfaction levels of the customers. But there are situations at which customers switch to another brand for the sake of variety. According to consumer decision making theory, consumers do a lot brand switching for the sake of diversity rather than dissatisfaction. Kotler, 2006). As discussed above, insights into customer behaviour not only helps in positioning their brands but also helps in retaining customers of repositioned brands. Especially when the organisations re-launch their brand, it is very important for them to prove that they still maintain the core values of the previous brand in order to retain the core customers. Retention of core customer is possible only when the marketers have a clear idea on what customers like and dislike about old brand. Effective brand image management is the only way to avoid the negative consequences of brand extension.

After critical analysis on centralisation and decentralisation, it is clear that centralisation is more beneficial rather than handling them individually, as global brands promote brand image to the greater extent and avoid customer confusions. But many marketers resist centralisation considering the issues such as need for local adaptation and overlapping investments. In fact marketers should realise that centralisation of brands avoid customer confusions and build parent brand image as credibility factor plays a major role.

To minimise the adverse effects of brand extensions, insights into customers and proper economic analysis is most essential which involve brand audits and brand valuation (Kotler, 2006). Therefore quality of the product or service is the key element which promotes customer retention and improves customer satisfaction. Especially when the brand is to be extended, quality is <https://assignbuster.com/is-proper-brand-extension-necessary-for-the-survival-of-the-parent-brand-essay-sample/>

more important in retaining the core customer and instead brand extension should not lead to capitalising on parent brand image without any improvement in the quality of extended brand.