MediaPost NEWS
Marketing Daily

Commentary

3 Questions That Drive Successful Brand Extensions

Denise Lee Yohn, May 22, 2009 05:00 AM

To extend or not to extend? With apologies to the Bard, allow me to suggest that is the question -- for marketers. The lure of sales growth combined with lower advertising and promotion costs makes brand extensions an attractive move, but success is not guaranteed. For every brand extension win (iTunes), there are countless failures (Google print ads, Hooters airline, Bic underwear ...)

Brand extensions are risky - but by following the methods of successful extenders, marketers can increase their chances of a win. Looking at what drove recent brand extension success stories, we find the questions of ***why***, ***what***, and ***how*** have been carefully considered.

Why?
Perhaps the most important question for a brand extension opportunity is, ***why should we do this***? After all, brand extensions should be governed by what I call the "Spandex principle": *Just because you can, doesn't mean you should.*

Some brands enjoy **deep brand identities** -- their brand is like a character in a story which captivates the imagination of its readers. When a brand's target is eager to learn more about it, there's good reason to introduce extensions.

Zappos enjoys this kind of interest. Starting as an online shoe store, Zappos has extended its brand into handbags, apparel, accessories, and now even electronics. In a word, the Zappos brand is about *happiness*, and so its customers are eager to experience happiness in a broad range of categories. Giving customers opportunities to discover new experiences of its brand identity has been good reason for Zappos to extend. Its deep brand identity has grown the business into a billion-dollar-a-year retailer in less than 10 years.

What?
Aspiring brand extenders ask -- and answer intelligently -- the ***what*** question of brand extensions. Determining what products to extend into what categories has been the make or break.

The appropriateness of an extension can be evaluated along three dimensions:

• **functional similarity** -- similar value is delivered by the current product and extension

• **fit with brand values and personality** -- the principles and character of the brand resonate in the new category

• **organizational capabilities** -- the extension leverages organizational strengths and established advantages

P&G has experienced success with Febreze brand extensions because they have been appropriate on all of these dimensions. What they started as a fabric freshener they've extended into candles, air fresheners, and laundry detergent, capitalizing on the categories' similarities in freshening function, brand fit as encapsulated by the tagline "a breath of fresh air," and the company's existing manufacturing and channel strengths. Febreze is a billion dollar brand now.

How?
With the ***why*** and ***what*** addressed, the last question successful brand extensions have nailed is

how do we execute it? This has required fitting the new product into the architecture of the organization's brand portfolio and applying the appropriate visual, nomenclature, and promotional approach.

Whether in a branded house or a house of brands, most successful extensions are introduced within the existing brand architecture of the company's brand portfolio. Google, for example, uses a master brand strategy and continues to add new services and applications under it.

Furthermore Google has implemented a consistent visual and nomenclature approach in its extensions - Google Maps, Google Alerts, Google Finance, etc. all employ the primary Google logo plus a descriptive name featured immediately beneath it. And in promoting extensions Google has relied primarily on awareness generation and messaging to existing users. Google is the world's most valuable brand in part because it's gotten the ***how*** of brand extensions right.

Following these brand extensions best practices should enable you to answer a confident "*yes" to the ultimate question: "**Will the brand extension be a success**?"*