

# BRAND EXTENSION – AS A MARKETING STRATEGY\*

BY

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## Abstract:

In recent years brand extension has become one of the market growth strategies of many companies. It is because of the fact that introducing a new product on the image of successful brand will catch the appeal of consumers very easily. But, definitely it will depend upon the proper implementation of the strategy. If the brand extension technique is not properly used it will affect the credibility of the parent even. It will dilute the brand image of the core brand itself.

**Key words:** Branding, brand loyal, brand equity, brand positioning, spill over of advertising, Horizontal, vertical, upscale and downscale

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## 1. Introduction:

The success of a product in the market is, to a great extent, its brand name, its positioning. A brand name may be a simple name, symbol, a design or a name or a combination of all of these. Whatever it may be, it identifies the manufacturer, the type of product (as the name always equal to the use) and it makes an image in the mind of the consumer.

## 2. Reasons for branding:

2.1 Some products almost alike may be sold at different qualities and names. Therefore, the normal buyers find nothing different from one another. Therefore, a brand name and branding is essential to attract these types of buyer. On the other hand some other buyers are always selective and they buy only the brand they have consumed so far, these buyers are normally called brand loyal.

2.2 In the present scenario of marketing the span of life of different products very short, so that to attain consumer confidence branding is essential.

2.3 Value based promotion is one of the sales promotion strategies now, to counteract this strategy companies found the way to build brand image.

2.4 companies use their existing successful brand as an umbrella to the new products launched

There are many techniques of marketing regarding a brand like brand creation, brand positioning, brand equity, brand image and brand extension.

## 3. Brand Extension:

Brand extension is a marketing strategy which uses to market a new product using the image of an existing well accepted brand in the same brand name. The new article is known as spin-off. Company's use this strategy for getting leverage to the new product in the image of old brand. Launching a new product is not only time consuming but also needs huge amount of money to create a brand image through making awareness among consumers. Not only that it will take much to have return or benefit from the product. This time lag sometimes becomes the product unpopular or customer dissatisfaction either by the advent of new products or product strategies of old product. Therefore, brand extension is an easier method of marketing.

#### **4. Need for brand extension:**

Brand extension is a marketing technique to break the entry barrier of a new product. This is being done under the image of an already accepted brand in the market.

##### **4.1 Benefits of brand Extension:**

4.1.1 A successful brand is like a power which has the power to illuminate the distant territories .The consumer pulling power is used to illuminate the brand's traditional market. Brand extension helps the introduction of a new product easier and inexpensive.

4.1.2 The familiarity of a brand in the market makes the new product acceptable by the consumers very easily so that the cumbersome task and risk of launching a new product can be minimized

4.1.3 Some customers associate the brand name with quality. So that, if a new product is launching in the same brand name which is already established will certainly fetch the attention of the consumers.

4.1.4 The benefit of "spill over of advertising "works for those products which are already in the market with the same brand name. The advertisement made for one product will automatically gain the other products too .Brand extension increases the visibility of a brand more.

4.1.5 During the time of tight competition, to cover the niche, the best method for companies to go for brand extension.

4.1.5 Brand extension helps companies to make premium market segment of the products.

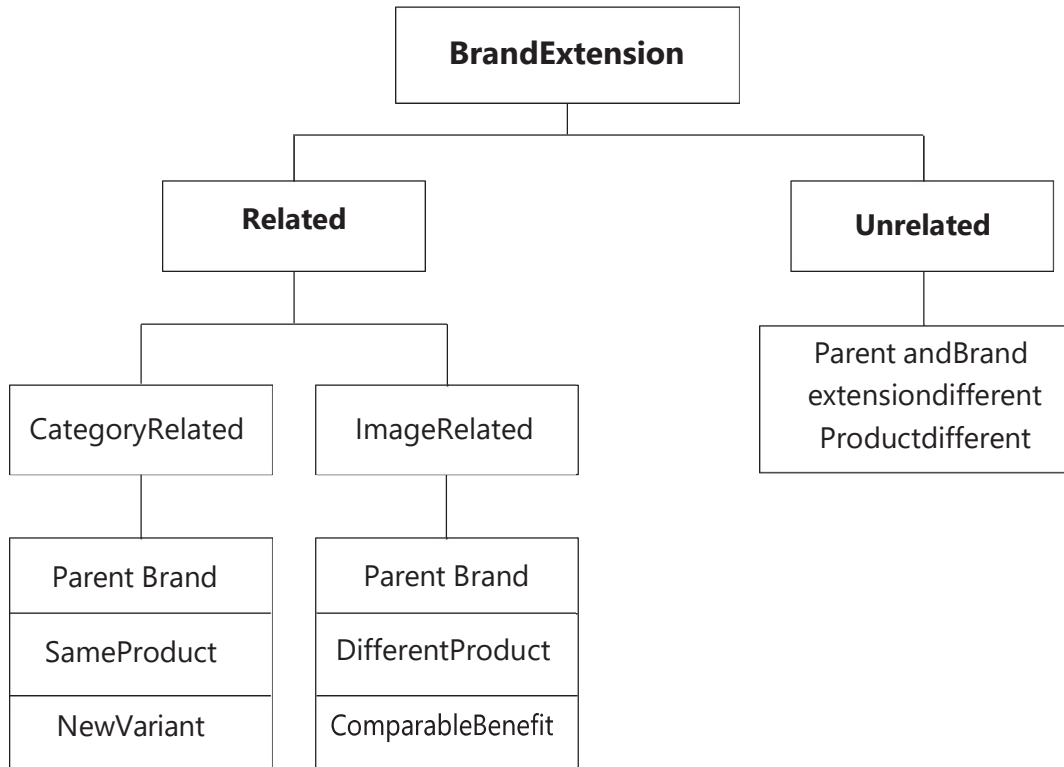
4.1.6 Brand extension helps the core brand too .It brings the meaning clarity, association with the new brand, educating the customers etc.

#### **5. Types of Brand Extension:**

There two types Brand Extension namely:

- (1) Extension relates to categories
- (2) Extension relates to unrelated categories

Fig 1



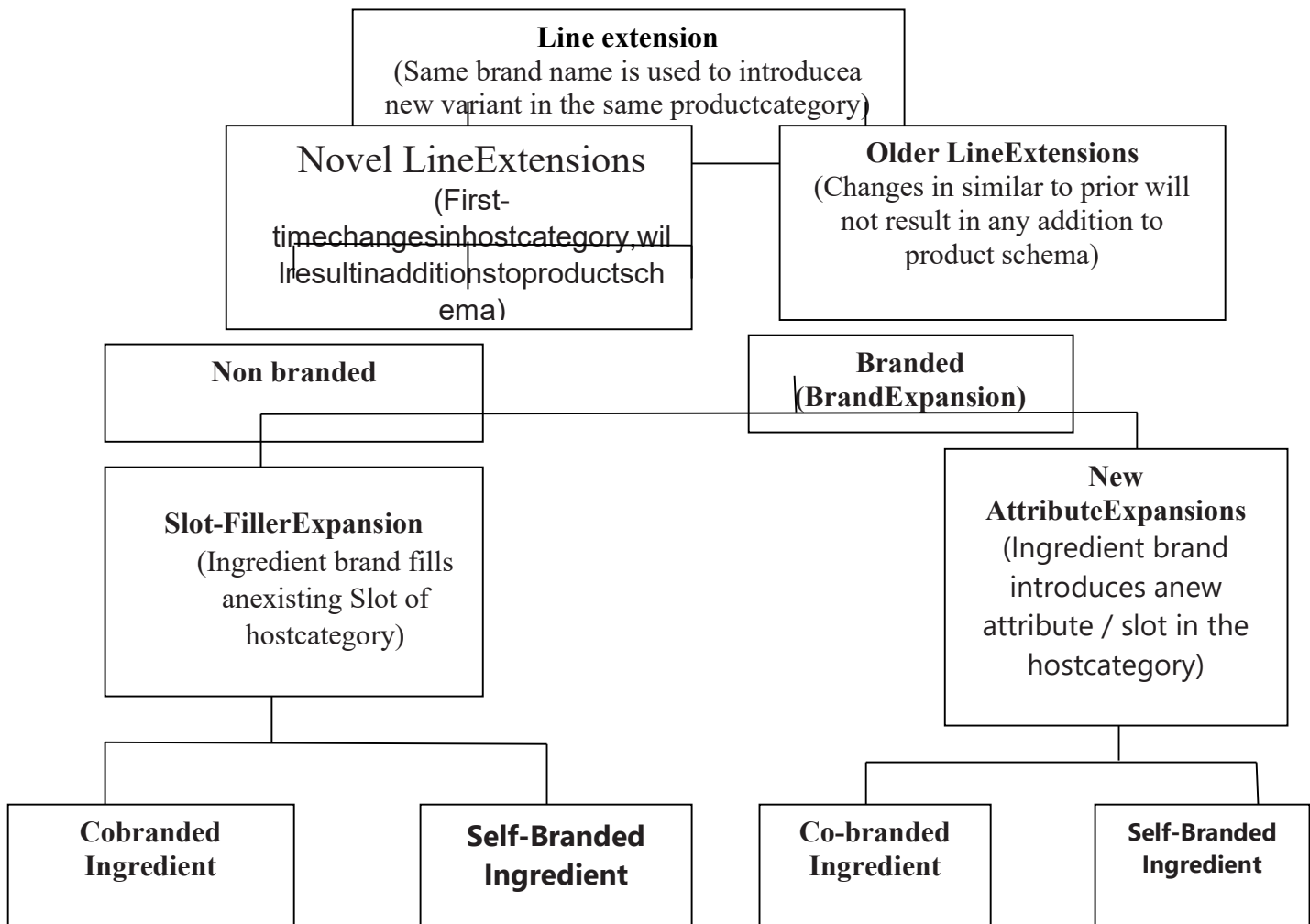
**6. Dimensions of Brand extension**

Brand extension can have in many ways, either in the same product category or in different product category. Technically, it is known as Vertical and horizontal brand extensions.

6.1 Horizontal Extension: If an existing product's name is given to a new product in same product class or category altogether new to the company, it is known as horizontal brand extension. We could find two types of brand extensions (1) Line extension and (2) Franchise extensions. If a current brand name is used to enter a new market segment, it is horizontal extension while if the current brand name is used to enter a product category entirely new to the company is known as franchise brand extension.

6.2 Vertical Extension: Vertical extension means introducing the related brand in the same category. There are two categories (1) upscale extension where a new product with higher quality and price than the original is introduced. (2) Down scale extension where a new product is introduced with low quality and price than the original product is introduced. For example, in automobiles, lower and higher models of the same product are extended to attract different segments of customers.

Fig 2



**7. Disadvantages of Brand extension:**

- 7.1 It will sometimes confuse or even frustrate consumers
- 7.2 The retailers are sometimes put their resistance
- 7.3 It will sometimes dilute the parent product image
- 7.4 It cannibalize the sales of parent brand
- 7.5 Identification of different product of the same brand will become difficult
- 7.6 The chance of developing new brand is minimized

**Conclusion:**

The basic point behind the success of brand extension technique is the constitution of healthy contact between the core brand and the new product. The compatibility between the core brand and new product minimizes the risk of perceptions among the customers about the new product and help them

to have positive approach to the product. Another element affecting the success of brand extension technique is the transfer of value from the core brand to the new product. In one hand brand equity provides the consumers to have positive idea about the new product, it strengthens the core brand image on the other hand. It is noted from different studies that perceived quality is the most important value and it is the biggest effect on new product idea. Brand loyalty is another brand extension component. Brand awareness and associations are another point to be considered in the brand extension process. It forms the creation of perception of compatibility between parent brand and new product. Brand awareness and associations are an excuse for customers to buy the products in different product categories

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