



This topic will be about brand extensions.



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Once the topic is completed and approved, learners will be able to understand

Brand extensions

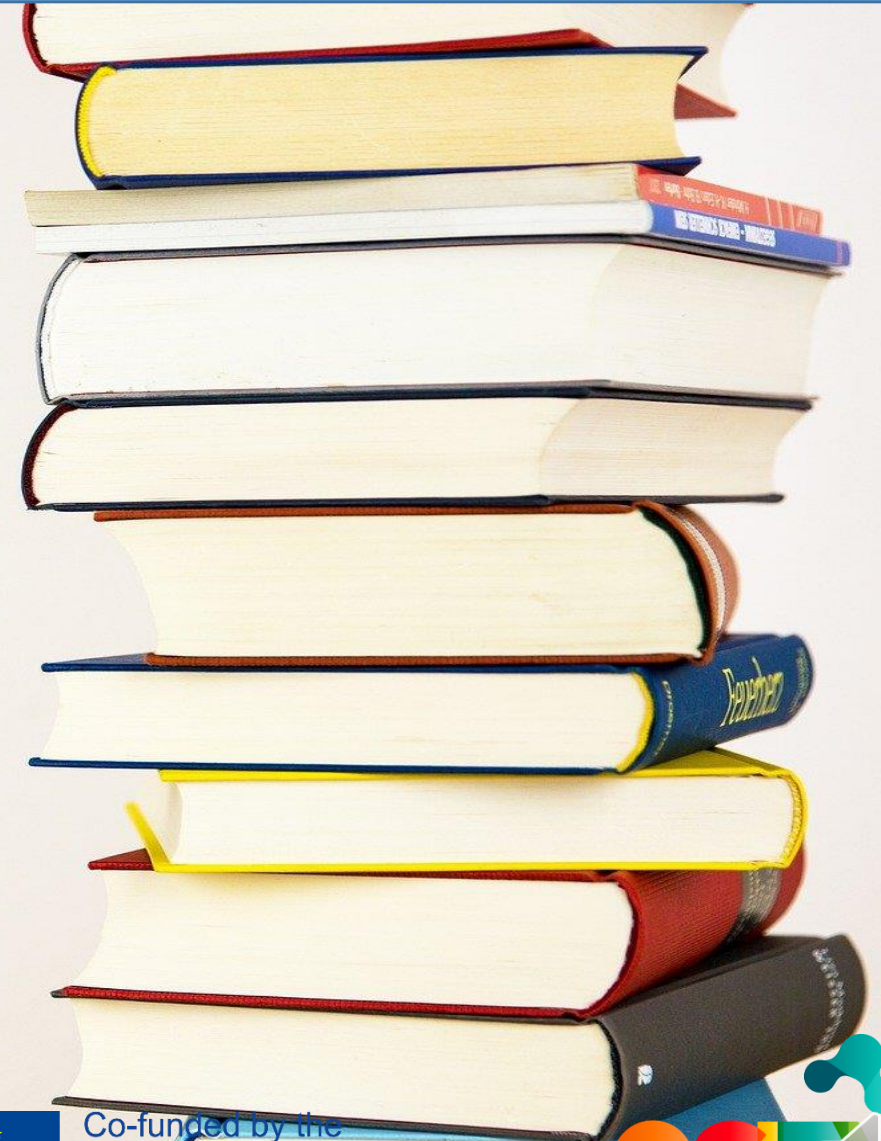


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In this lesson, we will learn

- brand extensions
- new products



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New Products and Brand Extensions

When a company introduces a new product, it can take three different forms:

1. It can develop a **new brand**, individually chosen for the new product.
2. It can apply one of its **existing brands**.
3. It can use a **combination** of a new brand and an existing brand.



Advantages of Extensions



For companies it is not a question of whether to expand the brand, but **when, where and how to expand it.**



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Advantages of Extensions

Facilitate New Product Acceptance

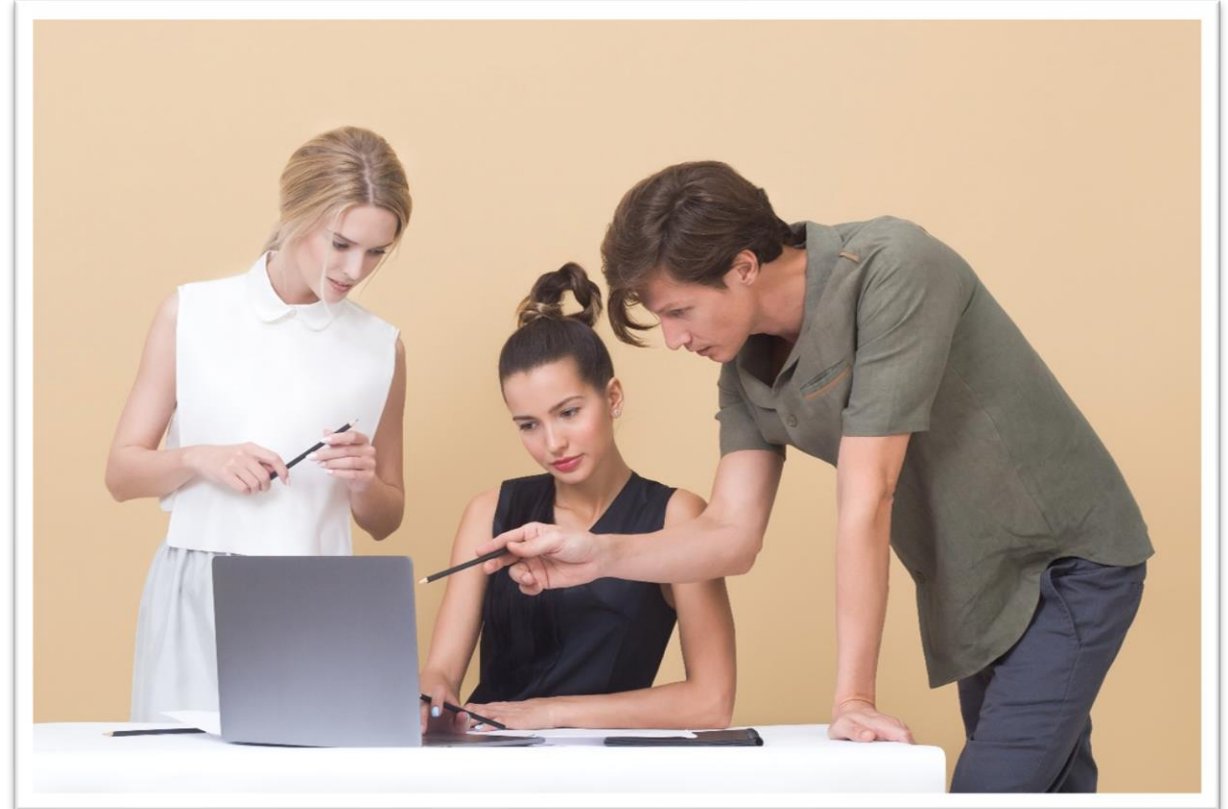
- Improve brand image
- Reduce risk perceived by customers
- Increase the probability of gaining distribution and trial
- Increase efficiency of promotional expenditures
- Reduce costs of introductory and follow-up marketing programs
- Avoid cost of developing a new brand
- Allow for packaging and labeling efficiencies
- Permit consumer variety-seeking



Advantages of Extensions

Provide Feedback Benefits to the Parent Brand and Company

- Provide Feedback Benefits to the Parent Brand and Company
- Clarify brand meaning
- Enhance the parent brand image
- Bring new customers into brand franchise and increase market coverage
- Revitalize the brand
- Permit subsequent extensions



Disadvantages of Brand Extensions

- Can confuse or frustrate consumers
- Can encounter retailer resistance
- Can fail and hurt parent brand image
- Can succeed but cannibalize sales of parent brand
- Can succeed but diminish identification with any one category
- Can succeed but hurt the image of parent brand
- Can dilute brand meaning
- Can cause the company to forgo the chance to develop a new brand



CREDITS

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