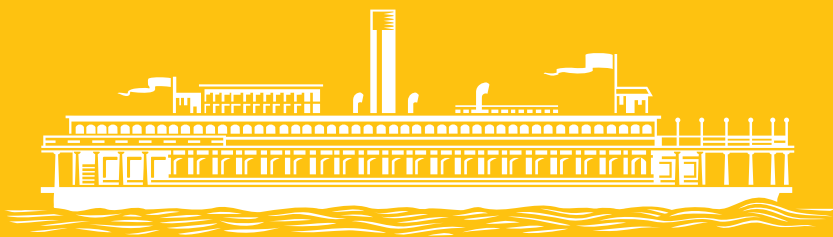


Brand stretch:
spanning new categories
by Luis Manzano



Landor

Brand stretch: spanning new categories

Brand extensions succeed when the idea is right

2

Brand Stretch
Luis Manzano
November 2007

Luis Manzano is general manager for the Madrid office of Landor Associates.

©2007 Landor Associates. All rights reserved.

The success of extending a brand to a new category depends on the brand being associated with a compelling idea that matches the new target market.

Establishing brand awareness is a key step in making a product the preferred choice of consumers. But brand awareness in itself may not be enough to make a new product succeed. Marketing lore is filled with stories about products that failed in spite of being introduced under well-known and respected brand names. Success depends more on a brand being associated with a compelling idea that matches the target market than on brand awareness.

Consider the following example. When a consumer encounters a sale on knives, the knives will have greater appeal if they are labeled “Made in Germany” than if they are marked “Made in Korea.” This is because Germany has a reputation as a leader in industrial processing. People are used to thinking of Germany as a country where manufacturing processes are held to high standards. By comparison, Korea’s reputation for excellence in manufacturing is much weaker.

Brands—whether for countries, products, or services—need to be backed by compelling ideas that differentiate them. The first step in appealing to the widest possible market is to differentiate the brand with a well-defined brand idea.

Of course this brand idea cannot be simply pulled out of thin air. It must be grounded in reality. Take BMW. The BMW brand is focused on pleasure in driving. To be true to its brand idea, BMW must continue to build cars that deliver on the promise of driving pleasure. This commitment may in turn mean designing cars with six-cylinder in-line engines instead of V6s or building rear-wheel-drive vehicles instead of more conventional front-wheel-drive cars.

But the brand is more than technology. There may in fact be more pleasure in driving a Maserati than a BMW, but BMW has appropriated the idea of driving pleasure and now owns it. In Spain, Audi owns the notion of four-wheel-drive sedan cars. While Porsche may have introduced the first four-wheel-drive product in 1917, it was Audi that made a long-term commitment to the technology.



The BMW brand is focused on pleasure in driving. To be true to its brand idea, BMW must continue to build cars that deliver on the promise of driving pleasure.

As a result, the idea of four-wheel drive has come to be associated with the Audi brand, and in particular with the Audi Quattro.

Brand stretch

The ability of a brand to extend into new spaces is called *brand stretch*. Determining just how far a brand can stretch is not an easy task. There are no rules for making the call. A brand may be well known but limited in its ability to introduce a new product or service under its name.

Take note: If you deviate from your brand idea, there's a good chance your extension will fail. Consider Polaroid. With the demise of instant photography, Polaroid began selling conventional camera film under the Polaroid label. This brand extension did not work because—in the minds of consumers—Polaroid stood for *instant* photograph, not *generic* photography. The consumer's idea of Polaroid would not stretch enough to accommodate the new meaning.¹

Whether a brand can occupy more than one category may be influenced by many factors. Categories can be fuzzy, and the ability to move beyond them will certainly depend on the brand idea. For example, in the computer industry product categories include desktops, laptops, workstations, and mainframes. If your brand idea is portability, you cannot very easily brand mainframes. But if your idea is innovation or ultra-design, your scope is wider.

Brand architecture

Brand architecture is the organization of brands in a portfolio in order to optimize their management

and help them be understood by consumers. Although there are various models for brand architecture, the two extremes are *monolithic* (or *monobrand*)—such as Mitsubishi where a single brand addresses multiple ranges, and *multibrand*—such as Procter & Gamble where there is a broad range of brands for multiple products (for example, Crest and Mr. Proper).

A brand idea is closely related to its architecture. The more relevant the brand idea to a broad audience, the more monolithic the brand architecture can be. At the same time, if the brand idea is applicable to other segments, the brand will be more likely to stretch.

The Virgin brand is known for its antiestablishment stance and for the idea of having fun; the concept ties into the Robin Hood myth of changing the rules. This idea is relevant to airlines, records, and, in fact, to any market where there is a traditional and established leader. As its successful expansion into multiple categories has proven, this core idea has given the Virgin brand tremendous elasticity.

By contrast, Jeep is perceived as a tough 4WD vehicle. The brand name has even entered common usage as a term for that type of vehicle. But the notion of a tough 4WD vehicle does not have a lot of stretch in it. As a result, the Jeep brand does not extend beyond all-terrain cars. Similarly, since the BMW brand idea is centered on driving pleasure, the brand can serve any “drivable” vehicle—cars, motorcycles, or even bicycles. But it would be difficult to extend into categories such as beverages or cosmetics.

¹ Al and Laura Ries, *The Origin of Brands: Discover the Natural Laws of Product Innovation and Business Survival* (New York: HarperBusiness, 2004).



Bridging categories

If a brand is strongly associated with an attribute that is valid for a new market, the brand can probably stretch to accommodate it. Caterpillar makes rugged earthmoving equipment. As it turns out, the idea of being rugged and tough is also valid for selling durable shoes and clothes. Durability serves as the common perception.

In Spain, the department store El Corte Inglés is known for its excellent service and no-hassle return policy. Although its name means “English cut” (a reference to the brand’s original association with a tailor shop that offered English-style clothing), the brand has proven to be very extensible because the idea of superb service is readily transferable. Informática El Corte Inglés is now one of the largest IT service companies in Spain, and Viajes El Corte Inglés has made its mark in the travel industry.

Names that stretch—or don’t

A brand’s name can limit its extensibility. Telepizza is Spain’s market leader in home pizza delivery. In fact Telepizza created the category, and its name

has entered the lexicon as a term for this kind of business. But when the company tried to open fast-food restaurants that sold pizza, the extension didn’t work. The name was so focused that it was rigid.

On the other hand, names that are more like empty vessels are able to stretch to many categories. Names that are disrupting in a category can also stretch well. For example, Apple is no longer a computer brand; its name has allowed it to move into consumer electronics.

Moving up, moving down

In general, it is more difficult for a mainstream brand to extend into luxury spaces than for a luxury brand to move to entry level. It would be very difficult for Volkswagen to market premium cars under its own name—even if the quality of the product were excellent. On the other hand, Mercedes successfully introduced its A-Class entry level car. There is aspiration for the Mercedes brand, but not for Volkswagen’s.²

Apple is no longer a computer brand; its name has allowed it to move into consumer electronics.

² In terms of Y&R’s Brand Asset® Valuator, there is more esteem for the brand than knowledge, so there is room for growth.

A brand that can stretch is not necessarily better than one that cannot.

Again, it is the brand idea that determines how far the brand can stretch. If the brand idea is about exclusivity, then moving to entry level will betray the idea. If the idea is about reliability and German engineering, then it's another story.

And if all else fails

If a brand is not able to fill the mental space required in the target market, there is always the option of launching a new brand. But a new brand is faced with the problem of not being known.

One solution is to endorse the new brand by associating it with an existing one. The endorsement transfers the old brand values to the new one. Sony's endorsement of PlayStation, for example, transferred the Sony stature to the new brand.

The endorsement can be handled in several ways. There are no rules, except that the degree of endorsement has to take into account such factors as the relative size of the brands, their proximity, and colors.

Endorsements are often thought of as involving a simple formula like "New Brand by Masterbrand." Examples of this strategy could be "engineered by Mercedes-Benz" or "a division of Bell Labs." But there are other possibilities. One can position the endorsing brand far from the endorsed one, change font sizes, or alter the placement order. The final decision should take into account the overall picture.

Conclusion

A brand that can stretch is not necessarily better than one that cannot. A brand can occupy a very specific niche and be the best in that niche. The Austrian KTM motorcycle brand is a market leader in its segment. But it would be very difficult to extend the KTM brand to products other than off-road motorcycles.

At the opposite extreme, some brands can stretch but lack meaning. Fujitsu has sold products ranging from computers and plasma screens to air conditioning. Thus it has become a very fuzzy brand. It can stretch, but it's hard for consumers to have a firm idea of what the brand stands for.

Before you attempt to extend your brand, take time to analyze its target market. Then make sure the brand idea will fit that market. Only after ensuring that the brand idea and target market are aligned should you attempt to map out a brand strategy. ■

www.landor.com

Beijing
Chicago
Cincinnati
Dubai
Geneva
Hamburg
Hong Kong
Istanbul
Jakarta
London
Madrid
Melbourne
Mexico City
Milan
Mumbai
New York
Oslo
Paris
San Francisco
Seoul
Shanghai
Singapore
Sydney
Tokyo

Landor