

LONG-TERM BRAND EXTENSIONS: HOW TO SUCCEED WHERE MOST FAIL

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PARHAM | SANTANA
THE BRAND EXTENSION AGENCY

Brand Extension Research
THE INNOVATOR OF BRAND EXTENSION



Dr. Edward M. Tauber

Founder and President, Brand Extension Research

Dr. Edward M. Tauber coined the term brand extension in 1979. He developed the first systematic research techniques for uncovering brand extensions as well as the first published articles on brand extension.

Over his career, Dr. Tauber has helped numerous Fortune 500 clients develop many successful brand extensions that have lasted years and generate hundreds of millions of dollars. Ed's major hits include Nestle-Gerber Infant Formula, Clorox Clean-Up, Dole Fruit&Juice Bars and Snickers Ice Cream Bars.

Ed is a former Director of Research for Dancer Fitzgerald (Saatchi&Saatchi NY), holds a Ph.D in Business from Cornell and an MA in Economics from the University of Virginia.



John Parham

President, Director of Branding, Parham Santana

John has 20+ years experience helping national brands extend and restage in the retail world. John's positioning and brand extension strategies for clients have guided long-term multi-billion dollar retail programs for thousands of products at major national retailers in every channel of distribution - including Walmart, Kohl's and Bed Bath & Beyond.

Parham's clients are among the world's leading media and entertainment companies including Food Network, Better Homes and Gardens, Discovery Channel and Nickelodeon.

John has a certified licensing degree from the International Licensing Industry Merchandisers' Association and has a Masters in Communication from Pratt Institute.

Why long-term brand extensions?

1. Staying power.

Most case studies you'll see today have decades in the market.

2. Sizable financial scale.

Each produces annual revenue in the \$100 millions.

Our Methodology for Success

brand **T/ASK**™

A systematic approach to research

- Iterative learning
- Qualitative and quantitative insights
- Proprietary questions and exercises

Informed by combined experience and insights

- 100+ successful brand extensions
- \$1 billion+ in revenues
- Published research study of 500+ brand extensions



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WHAT'S THE SECRET TO LONG-TERM BRAND EXTENSION SUCCESS?

Tactically, you can do everything right and still not make it.



Quality



Pricing



Production



Distribution

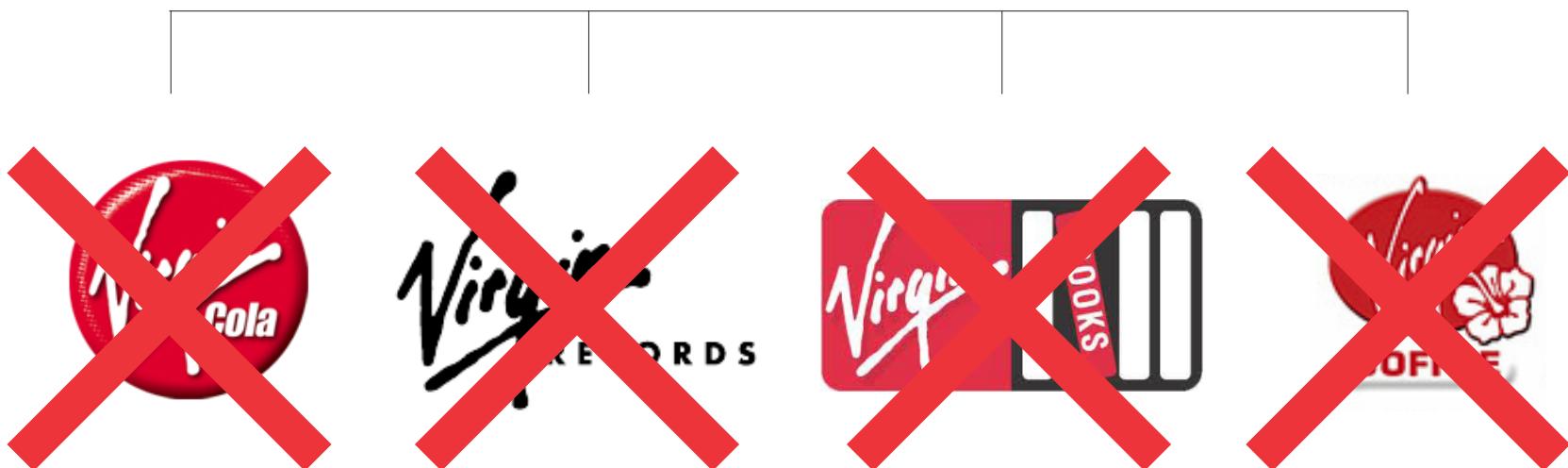


Promotion

And to leverage high recognition
and goodwill is NOT good enough.

**“Consumers love us! As a brand, we have
80% consumer recognition, 7 million
monthly unique visitors and 1.2 million
facebook fans.”**





Great execution, recognition and reputation are the price of entry.

For long-term success, something more strategic must be at work.

Brand extension is a strategic decision that requires:

- Management input
- Consumer input
- Creative ideation

It's not trading on recognition and reputation, or conducting a quantitative study to discover where the brand has “permission” to enter.

To identify long-term brand extension success, ask yourself:

**“WHAT’S THE BUSINESS OF
MY BRAND?”**

The answer lies in your brand's
EXTENDABLE EQUITY

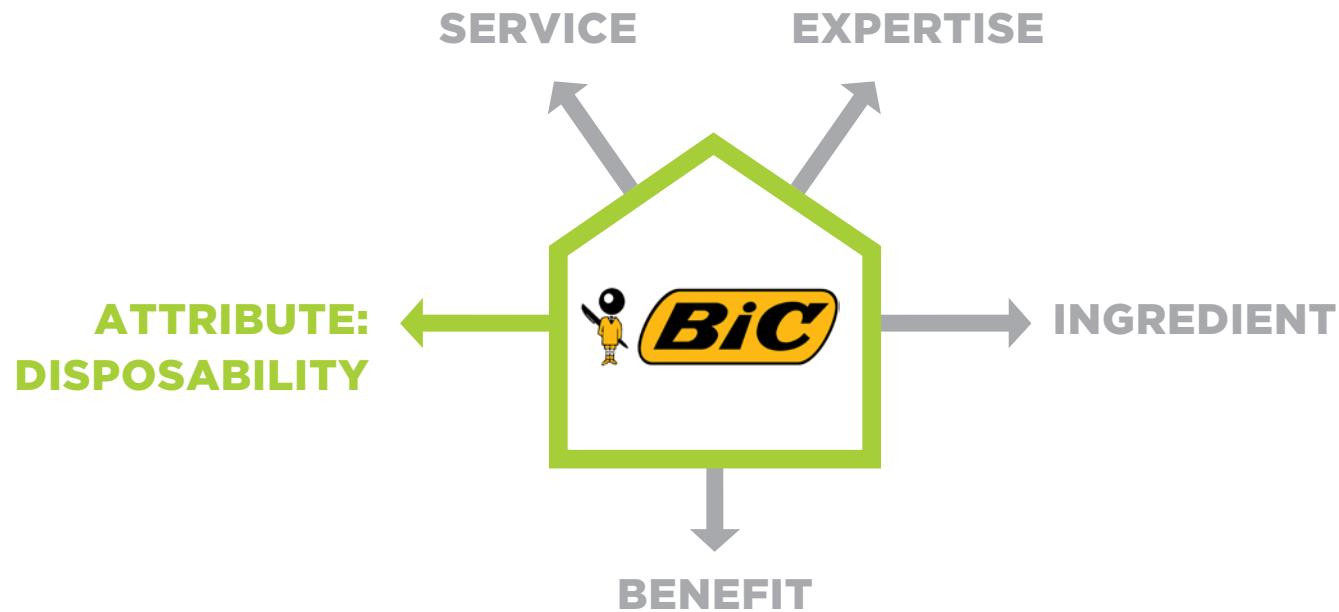
Brands house many dimensions.

Each represents an opportunity
to define Extendable Equity.

Many dimensions.



One Extendable Equity.



Bic's extendable equity: Disposability.



The foundation of long-term
brand extension success:

Define your Extendable Equity.

Extendable Equities:



Bic
Disposability



Arm & Hammer
Odor Fighting



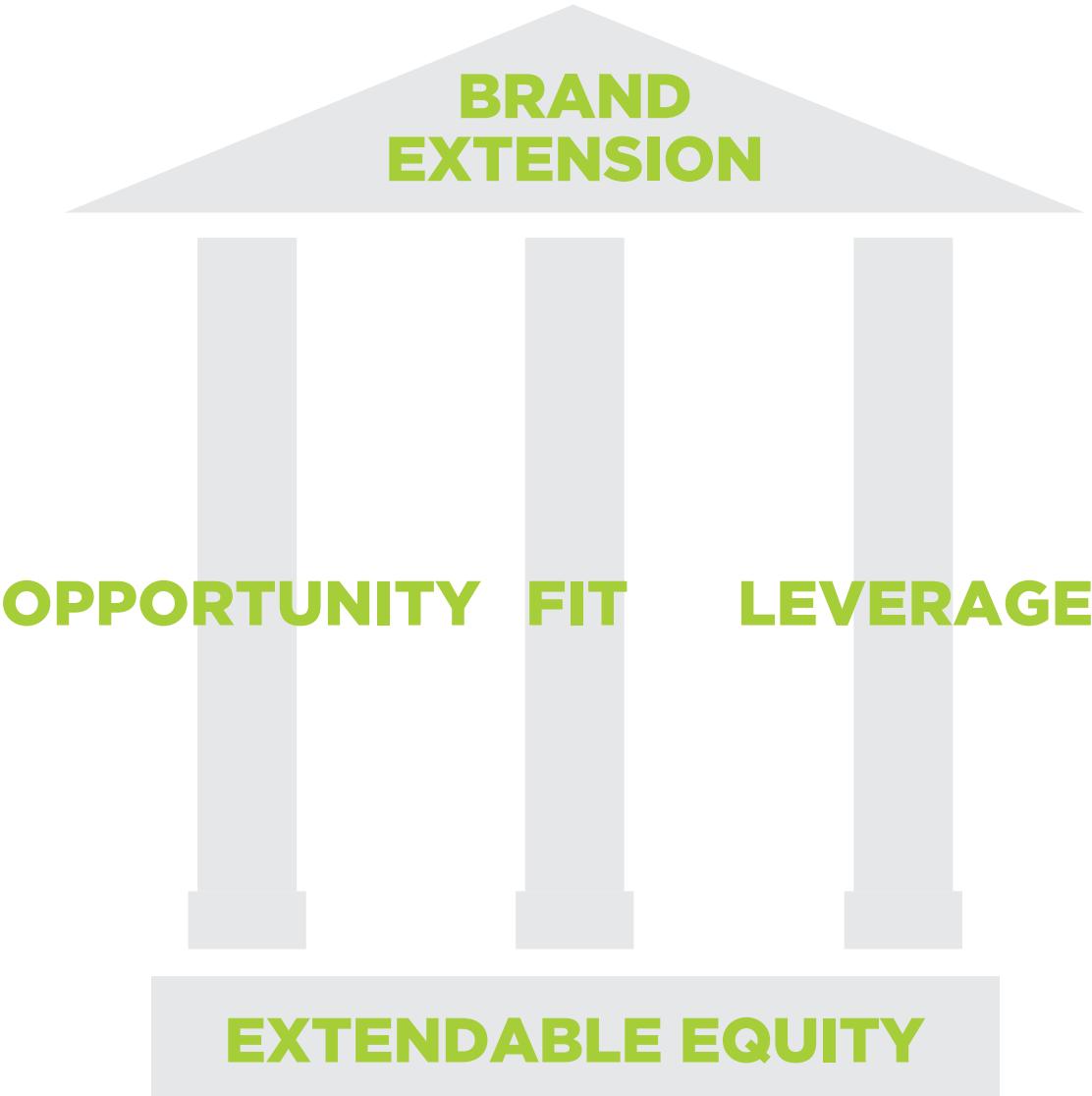
Better Homes and Gardens
Love of Family
& Friends



Barbie
Fashion

Based on the foundation of your Extendable Equity, build your brand extension using three pillars:

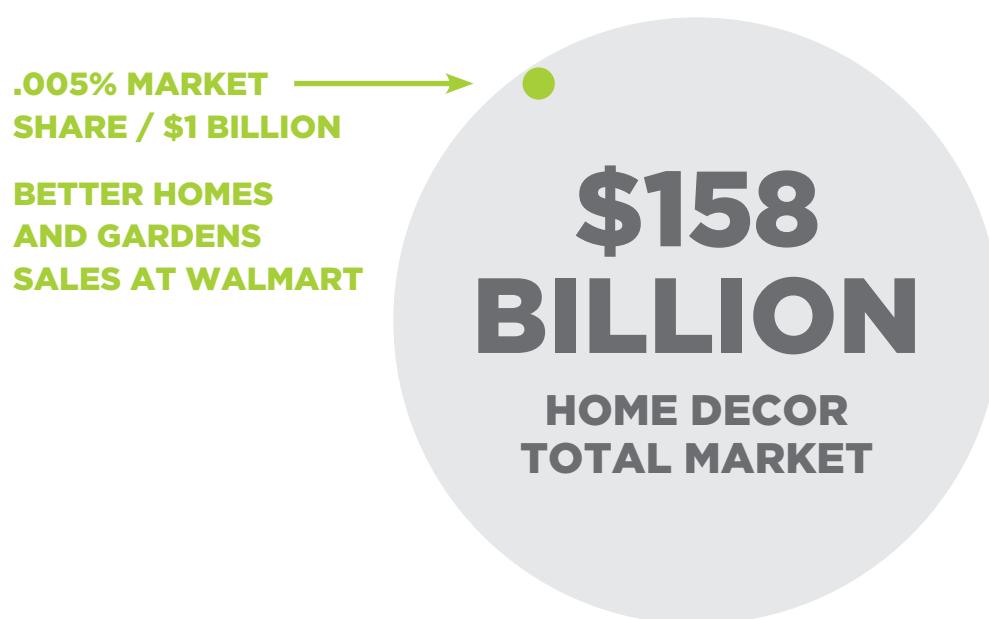
OPPORTUNITY FIT LEVERAGE



OPPORTUNITY

What categories of business offer sufficient size to create financially attractive brand extensions?

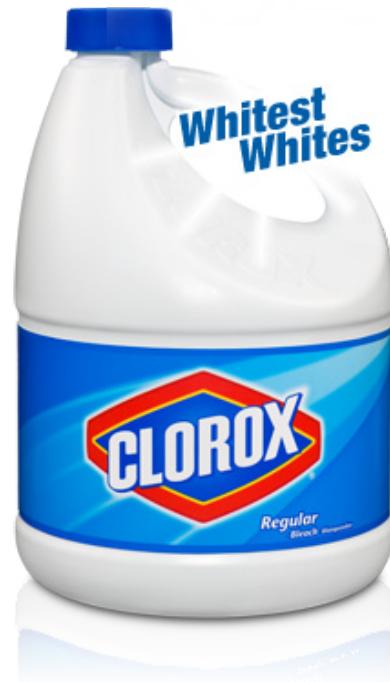
By capturing a small market share of a large category, brand extensions create instant scale.



FIT

In which categories do consumers give you permission to extend your brand?

Consider Clorox.





But consumers have a love/hate relationship with bleach.

LOVE IT!

“Bleach cleans,
brightens, deodorizes,
disinfects, kills germs,
kills mold or mildew,
removes stains...”

HATE IT!

“Bleach is difficult
to handle, caustic,
toxic, damages
some surfaces...”

Management's product-centric perspective yielded some brand extension ideas...

and negative consumer reactions.



AUTOMATIC DISHWASHER
DETERGENT

“Could take the finish off my china!”



CARPET CLEANER

“Could take the color out of the carpet!”



OVEN CLEANER

“Corrosive on metal; the fumes could be toxic!”



LIQUID DISH DETERGENT

“Can’t use on aluminum; harsh on hands!”

A more consumer-centric approach was needed:

Brand extensions that offered the tough cleaning benefits of bleach on surfaces which consumers felt wouldn't be harmed by it.

Focused categories. Superior fit.



TOILET BOWL
CLEANER
WITH BLEACH



CLEAN-UP
WITH BLEACH



AUTOMATIC
TOILET BOWL
CLEANER

LEVERAGE

In those categories, what competitive advantage does your brand have?

Consider Arm & Hammer.





Arm & Hammer leverages a credible and distinctive benefit – odor control – and extends into new product categories.

Focused categories. Superior leverage.



There's an inverse relationship
between fit (consumer permission)
& leverage (competitive advantage)

The inverse relationship between fit and leverage:



Consider Betty Crocker.



Consumers might give a brand permission to be in many categories.



Tabletop

Cooking

Gadgets

Storage

Mixing

Baking

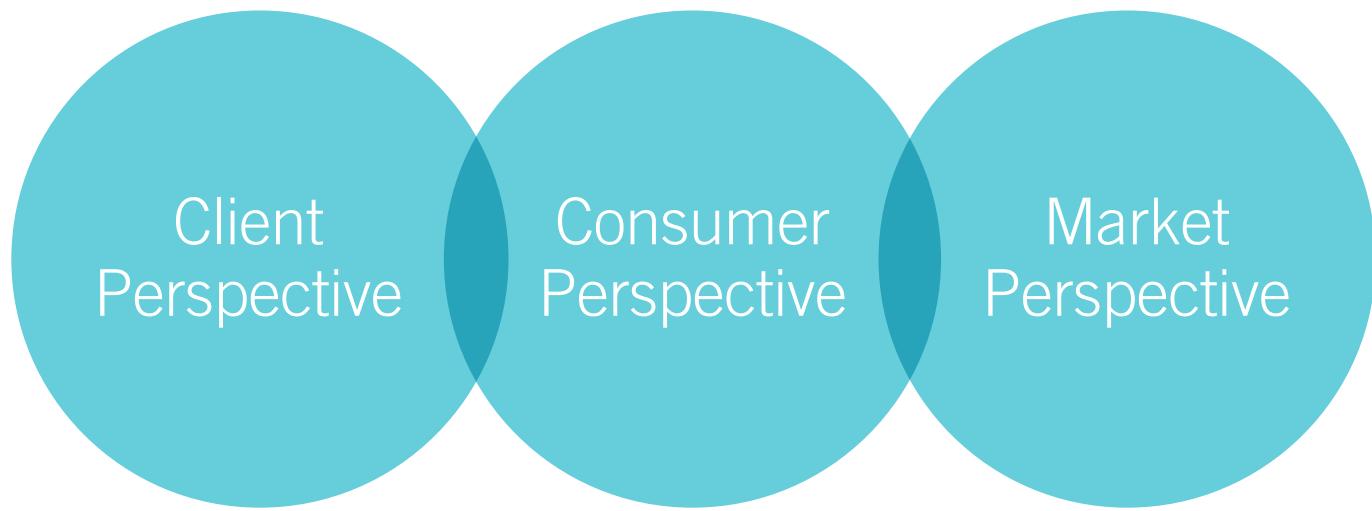
But if they don't perceive the new products as credible and superior to existing competitive products, it's a bad business decision.

**THE RESEARCH METHOD WE USE
TO ANSWER THESE QUESTIONS:**

brand **T/ASK**™

brand **T/ASK**™

An incremental process that builds on learning from three key perspectives.



Strategic & Creative. Qualitative & Quantitative.

brand **T/ASK**™

By asking a series of questions derived from a study of over 500 brand extensions, we engage the consumer and client in active learning sessions. Using probes and exercises we define where your brand has permission to extend and where it enjoys a competitive advantage.

**GET OUT OF THE CONFERENCE ROOM.
NO MORE TRADITIONAL FOCUS GROUPS.**

ASK



ENGAGE

A photograph of three women sitting around a table, looking at various publications. The woman on the left wears glasses and a black blazer, holding a magazine with a woman's face on it. The woman in the center has long dark hair and a white cable-knit sweater. The woman on the right has long dark hair and a purple turtleneck, holding a copy of Vanity Fair. The table is covered with several issues of Glamour magazine, a Dior advertisement featuring a watch, a bottle of water, and a small red pen. In the foreground, another person's shoulder and a grey sleeve are visible. Large, bold, yellow letters spell out "ENGAGE" across the middle of the image.

EX TEND



Through these learning sessions,
our process defines:

THE BUSINESS OF THE BRAND



THE BUSINESS DEFINITION FOR THE BRAND:

“Chemical products that are bleach, contain bleach or provide the benefits of bleach for the tough jobs of cleaning, disinfecting (and sometimes killing mold, brightening or removing stains) on surfaces which consumer perceive would not be harmed by bleach.”

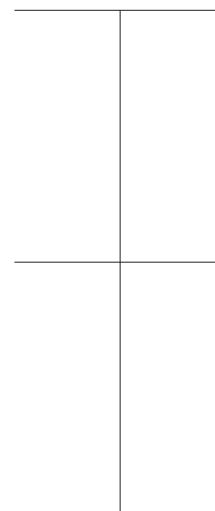
The business definition yields tangible product concepts that can be quantifiably tested.

By adjusting variables (fit / leverage),
we can measure consumer purchase intent.



*Toilet Bowl Cleaner
with Bleach*

*Disinfects. Kills 99%
of Germs.*



BRAND

FIT

LEVERAGE

SPECIALIZED BRAND STRATEGIES

SPECIALIZED BRAND EXTENSION STRATEGY:

Transfer a Component



Dove first transferred the benefits of the “moisturizing cream” component and then moved beyond the component to create a broader “nourishing care” line.

SPECIALIZED BRAND EXTENSION STRATEGY:

Leverage a Lifestyle



Better Homes and Gardens capitalized on women's primary motivation for decorating: entertaining family and friends. Launch line: "Fall in love with your home again."

SPECIALIZED BRAND EXTENSION STRATEGY:

Modifier Strategy



By modifying the brand name, Vaseline was able to create new categories and move beyond “Pure Petroleum Jelly.”

SPECIALIZED BRAND EXTENSION STRATEGY:

Modifier Strategy



By modifying the original “classic” brand, Old Spice was able to reach new demographics who didn’t want to use dad’s product.



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THANK YOU

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