



BY KEVIN O'DONNELL

## A SHOT TO THE HEART

HITTING THE MARK WITH THE 'SILVER BULLET' OF EXTENSIONS

**DR. PEPPER GETS** into marinades. The venerable Smithsonian offers up a line of home furnishings. Precious Moments lends its brand to caskets.

Brand extensions are often seen as a silver bullet to all that ails maturing brands and business categories. Succeed and you may be on the path to substantial organic growth. Fail, and you join the ranks of some 90% of all new market entrants that prove irrelevant to customers.

That's not to say marketers—and the management behind them—should give up. After all, successful brands don't stand still. They represent an inherently dynamic relationship between a target group of customers and a business' products and/or service offerings. Their ability to stay relevant to customers over time demands that they constantly evolve, just as customers themselves are changing.

But here's what's more often than not missing from extension equations: a shared understanding of the strategic intent behind the launch that's a bit deeper than merely "sell more," and is solidly grounded in deep insights into the customer's relationship with the brand and where that allows it to stretch—with current as well as new audiences.

Marketing 101? Maybe. But that relentlessly high failure rate suggests otherwise.

Some of the most interesting extensions we have seen demonstrate the kind of insight and inspiration that go beyond the all too common strategy of "let's-just-slap-the-brand-on-a-kind-of-aligned-product-and-see-what-happens."

In one category are brands that have established strongholds with specific segments of customers but have devised extensions as a means of successfully expanding their frame of reference to new customer targets.

A favorite is Tide's new Swash line of "anti-clean" products, a dichotomous positioning that appears to push all the right buttons with young adults less tied to Tide than their mothers or as fussy over how often their clothes encounter soap and water. The Swash lineup aims to remove wrinkles, spots, stains and odors from shirts that may bear another wearing or two, or jeans that fit too perfectly to get even close to water. In addition to market-relevant promotions (a Web-based "rewearathon" sweepstakes), it clinches the deal with a "green" message—its water conservation benefits.

Then there's Avon, which is bending its strong gender associations by extending holistically to the other side. It's expanding its relevance to men with products like the Avon/Derek Jeter "Driven" line, and its new men's catalog sells everything from anti-aging products for guys to boxer shorts. Moreover, the Avon Man is proving adept at selling to buddies for their own needs as for their significant others. The upshot? Sales bounded to \$8.7 billion in 2006 from \$6.2 billion in 2002.

Others are trying to wring more organic growth out of extensions that change how the brand is used—whether a different use, more frequent use or a new venue altogether. Despite criticism of extensions run amok at Starbucks, the coffeehouse giant has expanded its relevance with a brand as available in grocery store aisles as it is on every corner. The brand has been built on the total coffeehouse experience but has been backed by a high quality product. The result has been license to extend to new distribution channels for those who want the product as much as they want the experience.

Successful extensions reflect and capitalize on the perceptual boundaries of a brand. Insights and instincts regarding where it can and can't stretch should always

help guide decisions on how and when an extension is in order.

And while a sharp R&D crew and an innovative culture can give you a leg up, they can't replace a deep understanding of the brand DNA you have to leverage. Agri-food powerhouse Cargill, a Prophet client, extended beyond its position as a transaction-based provider of commodities to a true provider of solutions. Its deal last year with Coca-Cola Co. to develop a viable natural alternative to artificial sweeteners speaks to how the company has been able to translate its brand equities around "proprietary knowledge" into ideas that benefit customers.

Ultimately, the challenge to marketers is to move away from the brand management mindset to an orientation better characterized as brand leadership. Brands are one of the most valuable assets a business has—and a brand leader understands the importance of adding more value to the original brand asset. Relevant extensions are an essential strategy to achieving this.

Studies have shown that brands are far more elastic than marketers and their management typically believe. That makes the argument for taking more risks, rather than fewer, as the downside isn't all that dramatic. Yet what separates the managers from the leaders is not the degree of aggressiveness they take in extending their brands into new arenas but the degree of thought that tempers the risk involved. And that's why the extension and new product failure rate stays so relentlessly high. **m**



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