

## Quadrant II - Notes

**Paper Code: COD 129**

**Module Name: Factors influencing Decision for extension, Re-branding and re-launching**

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### **FACTORS THAT INFLUENCE BRAND EXTENSION**

We all know that the cost involved in establishing a new brand is very high. It is also known to each of us that the new product failure rate is very high. Launching a new brand is pretty risky.

That is why all marketers want to play safe by extending the brand to either in the same category or in a different category which falls in line with the parent brand's promise

**1. Perceived risk** – It is the evaluation of uncertainty about the type and degree of expected loss after the consumer makes a choice.

**2. Consumer's Innovativeness** – Innovativeness is a personality trait related to an individual's receptivity to new ideas and willingness to try new practices and brands. A common observation is that individuals high in innovativeness are more venturesome and more willing to try new brands. The response differences between highly innovative and less innovative consumers reflects, to some extent, differences in risk-taking propensity. Innovators tend to be less risk averse than other consumers.

**3. Product Similarity** – Greater the degree of similarity of the extended product with the original product, more is the chance of transferring the positive effect. Several studies reported that the greater the similarity between the original and extended category, the greater the transfer of positive (or negative) affect to the extended brand.

**4. Parent Brand Reputation and Strength** – Brand's reputation is associated with the consumer's perception of the quality of the brand. Strong and reputed brands leverage extension than weak brands. A basic premise underlying the use of brand extensions is that stronger brands provide greater leverage for extensions than weaker brands.

### **RE-BRANDING**

Rebranding is conducted with an existing brand. It involves changing the brand name, logo, visuals, packaging, marketing materials and/or any other defining aspect of a brand's consumer connectivity.

Rebranding is the process of changing the image of a company or product. The aim is to make the new image more attractive to consumers. We rebrand to raise awareness of a company's or product's new identity.

A company's or product's brand is what gives it its look and feel. Therefore, when we rebrand, we want to give the company or product a new look and feel.

There are two main types of rebranding, reactive and proactive.

#### Reactive

Reactive is when the company responds, i.e., 'reacts' to something. Perhaps it responds to a series of events that have altered the company's or a product's image.

'Reactive' occurs when the aim is to completely change or discontinue the company's image.

This could be due to legal problems or negative publicity. It could also be due to a merger or acquisition.

#### Proactive

If you do something proactively, it means you are taking action in advance, rather than responding.

Proactive rebranding occurs when company executives are thinking ahead or see a growth opportunity.

Possible reasons include targeting a new market, changing focus, or reconnecting with the customers. Sometimes, it may be simply a desire to innovate.

#### Reasons a brand should re-brand

There are a number of circumstances that make rebranding an option for improvement in brand performance. Here are the most common ones:

- **To Change Perceptions:** As we all know, a brand isn't what its owner says it is—it's what the consuming public says it is. Sometimes, a brand doesn't end up being perceived in the manner that the owner would wish. In this case, rebranding is needed to cause shifts in brand perception.
- **The Logo Looks Dated:** If a logo was designed to follow a trend years ago, it may now alienate consumers and potential employees with its antiquated look. If your brand is a vintage-centred one, this may be intentional and brand-building. If it's not, your brand's market share will suffer.
- **A Product Line Change:** When products are added, removed or changed, the brand's name or look may no longer be representative of that new line of products.
- **Mistakes in Original Branding:** Maybe a brand was built without proper target audience research. Or maybe it was focussed on the wrong target audience. Perhaps the owner 'went cheap' with graphic design or concept development. No matter the reason, sometimes brands just aren't representative of the needs of their ideal clients. In this case, rebranding, with extensive research and attention to the problems and needs of the ideal client, should be enacted.
- **The Customers' Needs Change:** People change, and so do their problems, their pains and their needs. When this occurs (usually due to cultural, technological or lifestyle shifts within a focussed group), then rebranding may be necessary to reach those people, meaningfully.
- **Bankruptcy:** Some forms of financial restructuring will benefit from (or require) rebranding.

## **RE-LAUNCHING OF A BRAND**

Re-launching a brand means thinking beyond a new design or a new name. It means, “going deeper. This happens not only for brands which may not be doing well but also for brands that are doing well but would like to do better. Brands go through various stages of evolution in their life and often may need to be restructured and repositioned, revitalised or rejuvenated to improve their sales and market share and profits.

The term brand relaunch describes the restart or repositioning of a brand. Its purpose is the brand's strategic re-alignment. A relaunch serves to charge a brand with fresh energy by means of a revised brand strategy. The brand is positioned in the market with more focus and addresses a more specific target group. The relaunch is based on the peak performances of the company and a sustainable positioning. A brand relaunch is necessary particularly when brand attractiveness is declining consistently. This can have serious consequences such as slumping sales figures and shrinking competitiveness.

A brand relaunch helps to extend the life cycle of a brand. However, it offers not only opportunities but risks as well. Their effects must be considered. This is why it is enormously important from a brand strategic viewpoint that the brand core and with it the unmistakable identity of a brand takes a central role during the entire relaunch process. A strategically developed positioning is also essential; it has to be credible, attractive, superior, and therefore sustainable.

When a company relaunches a brand, it hopes to avoid the mistakes from past experience and wants to set a strong foot in the market. A brand manager needs to consider the following while relaunching a brand –

- Analysing the marketplace and target market segment.
- Knowing about the competitor brands.
- Conducting SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis.
- Positioning the brand in an appropriate new form.
- Avoiding too many changes in too short time. This type of strategy can lead to the risk of not retaining consumer's attention and interest for a long time. In future, it can make the company and its products unrecognizable to its existing customers. Let the consumer know about the new form the brand has taken.
- Communicating clearly about the brand relaunch. Creating awareness among people about new objectives and distinctive offers. Making the changes gradually and noticeably.