This article is fourth in a five-part series on building a brand and developing it in the marketplace. Previous articles explore the importance of branding, the process of building and developing a brand for new products, as well as flanker branding and brand line extension strategies. This article examines another aspect of the topic, brand leveraging.

What is Brand Leveraging?
A brand leveraging strategy uses the power of an existing brand name to support a company’s entry into a new, but related, product category. For example, the manufacturer of Mr. Coffee™ coffee makers used its brand name strength to launch Mr. Coffee™ brand coffee. While coffee machines and coffee beans are in different product categories, there is a strong enough correlation between the two items that the brand name has a powerful impact on consumers of both categories.

Brand leveraging communicates valuable product information to consumers about new products. Consumers enter retail outlets equipped with pre-existing knowledge of a brand’s level of quality and consistently relate this knowledge to new products carrying the familiar brand. Generally, consumers maintain a consistent brand perception until disappointed – creating a risky advantage for established brands.

Why is Brand Leveraging Important?
Brand leveraging is an important form of new product introduction because it provides consumers with a sense of familiarity by carrying positive brand characteristics and attitudes into a new product category. Instant recognition of the brand is established, and consumers with a favorable brand opinion likely will try a new product they perceive to have a similar quality level and attributes as their original favorite. Additionally, because the products are in different categories, they will not compete for market share – the crux of a successful branding strategy.

For example, Bic™ is a strong brand name with years of experience in marketing low-cost disposable plastic products such as the Bic™ pen. Thus, Bic™ is positioned well to introduce products that capitalize on these same basic strengths – products such as disposable razors and cigarette lighters.

To avoid disappointing brand-loyal consumers, the greatest risk involved in brand leveraging, it is important to maintain a consistent level of quality within the brand across category lines. Likewise, it is as important to leverage a brand only into new categories that are related to the original product. Trying to sell too many diverse products will dilute the brand name and yield poor results.

For example, the Frito Lay™ name is extended from potato chips into other types of snack foods and dips. However, an introduction of Frito Lay™ lemon-ade did not succeed because the fruity, sweet drink had little connection to other Frito Lay™ products. Other examples that did not work in the consumer market include Smucker’s™ ketchup, Ben-Gay™ aspirin, and Fruit of the Loom™ laundry detergent. However, M&M™ ice cream, Reese’s™ peanut butter, and Minute Maid™ orange soda experienced success because the brands held direct and logical connections to their new categories.
Additional advantages of brand leveraging include:

• More products mean greater shelf space for the brand and more opportunities to make a sale.

• The cost of introducing a brand-leveraged product is less than introducing an independent new product due to a much smaller investment in brand development and advertising designed to gain brand recognition.

• A full line permits coordination of product offerings, such as bagels and cream cheese, potato chips and ranch dip, peanut butter and jelly, etc.

• A greater number of products increase efficiency of manufacturing facilities and raw materials.

Brand leveraging does present challenges. To avoid brand dilution, leveraging should be limited to entering only those categories that are directly related to the original product. Potential exists for damaging the reputation of the parent product if new products fail. Also, manufacturing and inventory costs may be higher as a result of product diversification.

Will Brand Leveraging Work for You?
A brand leveraging strategy will not work in every situation. There are important questions that should be considered in order to make the best decision for your brand:

• Does the new product fit into the established product family?

• Does the brand have attributes or features that easily and effectively carry into new categories?

• Is the brand name strengthened or diluted by representing two (or more) differentiated products?

• Does your company have facilities necessary to manufacture and distribute a new and differentiated product?

• Will sales of the new product cover the cost of product development and marketing?

A brand leveraging strategy can be extremely successful and profitable if it is correctly implemented and provides new products with the right image.

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