

## **LECTURE-19**

### **Brand Leveraging**

Brand leveraging is the strategy to use the power of an existing brand name to support a company's entry into a new but related product category by communicating valuable product information to the consumer.

For example, the manufacturer of tea maker uses its brand name strength to launch tea vending machine. Here, in spite of tea and tea-vending machine belonging to different product categories, there is a strong correlation between the two items that the brand name has a mighty impact on consumers of both categories.

### **Importance of Brand Leveraging**

Brand leveraging is an important form of new product introduction because –

- Strong brand leveraging provides consumers with a sense of familiarity.
- It carries positive brand characteristics and attitudes into a new product category.
- Strong leveraging perceives instant recognition to the brand. Consumers are more likely to try leveraged product.
- As the products belong to the different categories, they do not compete for market share.
- More products mean greater shelf space for the brand and in turn more opportunities for sale.
- The cost of introducing a brand-leveraged product is less than introducing an independent new product.
- 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.

### **Role of Brand Managers in Brand Leveraging**

The brand managers can create a strong brand leveraging, by maintaining the quality of all products in different categories under the brand.

The brand managers need to decide which products can be leveraged under a brand. It is very important for them to leverage a brand only into related or associated categories of the original product.

In order to make the best decision for the brand, they need to find answers for the following questions –

- Is the new product related to the established product family?
- Does the established brand has characteristics that can be effectively carried on into new categories?
- What will be the appropriate leveraging strategy?
- What will be the impact on original brand name? Will it be strengthened or diluted?
- Does the company have essential facilities to manufacture and distribute a new and differentiated product?
- Will sales of the new product cover the cost of product development and marketing?
- If leveraging fails, what are the policies to revert or to keep original brand's reputation?
- A brand leveraging strategy can be extremely successful and profitable if it is correctly implemented and provides new products with the right image.