Strategic Services Marketing

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Week – 06

Lecture - 29

Managing Brand Extensions and Brand Partnerships

Hello everyone. In this session, let's try to recognize the importance of managing brand extensions and brand partnerships with special reference to services. Let's define it. A brand extension is a marketing strategy that uses an established brand to create new products or enter a new brand category. Brand extensions play a crucial role in enhancing brand equity. As a brand diversifies its offerings and excels in various domains, its overall value can significantly increase.

The products stemming from brand extensions may or may not share close ties with the flagship product or brand for which the brand is renowned. Let's look into the definition with some examples through this informative video. Have a look at this particular video. Have you ever wondered what a brand extension is? Let's dive into this concept and explore some examples.

Simply put, a brand extension is when a company uses its existing brand to launch a new product or service. It can be a great way to leverage brand recognition and customer loyalty. A classic example is Coca-Cola, which has extended its brand to include Diet Coke, Coke Zero, and other variations. These products have been successful in part because of the strong brand recognition of Coca-Cola. Another example is Apple, which has extended its brand from computers to smartphones, tablets, and other devices.

Apple's brand recognition and reputation for quality have helped it succeed in these new markets. Finally, there's Nike, which has extended its brand from shoes and clothing to fitness apps, watches, and other products. These extensions have helped Nike stay relevant and appeal to a wider range of customers. So, there you have it, a quick overview of brand extensions and some examples of companies that have used them successfully. What are some of your favorite brand extensions? For instance, prior to Apple's evolution into the tech behemoth we recognize today, its primary association was with Macintosh computers.

Subsequently, the company ventured into diverse realms such as portable music players, which were known as iPods, then smartphones, tablets, and smart watches among others. Coming to a different example General Electric or GE for that matter. So, brands like GE venture into a wide array of sectors including healthcare, energy, aviation, and industrial data. Despite this diversity, each business unit remains aligned with the brand's core mission of advancing societal development. So, why brand extensions hold significant specially for services? Multiple reasons denotes why brand extensions are important.

For example, they help in market expansion, reduce risk, offers competitive advantage, helps in growing revenue, adaptability to the changes, building brand resilience, and finally innovation and creative aspects as well. Let’s discuss this in detail. First here is market expansion. Introducing new products allows brands to tap into different market segments and demographics. By diversifying brands can reach a broader audience and expand their customer base.

Then comes reduce risk. Relying solely on one product or product line can be risky. As market conditions, consumer preferences, and industry trends can change rapidly. Diversification helps mitigate this risk by spreading it across multiple products, industries, or even markets. Another benefit is in terms of competitive advantage.

Brands that offer a diverse range of products can gain a competitive edge for competitors with a narrower focus. Diversification, or brand extensions for that matter, allows brands to differentiate themselves and offer unique value proposition to consumers. Another benefit is in terms of revenue growth. Introducing new products can lead to increased revenue streams and business growth. By catering to different customer needs and preferences, brands can capture additional market share and drive sales growth.

Another significant contribution is with respect to adaptability. Diversification enables brands to adapt to evolving marketing dynamics and consumer demands. It provides flexibility to pivot and adjust strategies in response to changes in the competitive landscape or shifts in consumer behavior. Another benefit is with respect to building brand resilience. A diversified product portfolio can enhance brand resilience by providing a buffer against economic downturns, industry disruptions, or unexpected challenges like COVID-19.

Then brands with a diverse range of offerings are better equipped to weather uncertainties and maintain stability. Finally, brand extension also improves innovation and creativity within the service organization. Introducing new products encourages innovation and fosters creativity within the supplier of services. It encourages brands to continually explore new ideas, technologies, and market opportunities, driving long-term growth and sustainability. Now, let’s look at some successful brand extensions from service industry.

First example here is Amazon Prime, which is a brand extension coming from Amazon, an e-commerce giant. Amazon Prime is a subscription service offered by Amazon that provides various benefits including two-way shipping, streaming of movies and TV shows, music, as well as other perks. Let’s have a look at this particular video, which is a campaign title as Such Mein Too Much, which was there for promoting Amazon Prime as a holistic application or service provider. Have a look at this video. free 1-day delivery on 40 lakh products Prime offers blogbuster entertainment Amazon Prime truly too much listen yesterday you were saying you need a travel pillow for your office trip right it got delivered in one day really and earphones as well delivered in one day really that's for you coffee maker delivered in one day really so that you only miss me and not my coffee Amazon Prime delivery is truly too much you to free 1-day delivery on 40 lakh products Prime offers blogbuster entertainment Amazon Prime truly too much. Here is one more campaign from the same Such Mein Too Much campaign, which was there for Amazon Prime.

Har din prime offers free 1-day delivery blockbuster entertainment Amazon Prime Such Mein Too Much. Parso Amazon Prime offer mein latest smart phone liya such mein kal vali prime offer mein Bluetooth speakers mangvaye or aaj fasions mein mast offers mil rahe hai ye dekho ye wali dress order kar rahi hu such mein ye Amazon prime ke offers such mein too much hain aur tum bhi. Har din prime offers free 1-day delivery blockbuster entertainment Amazon Prime Such Mein Too Much.

So, Amazon Prime's Such Mein Too Much commercial showcased the convenience and benefits of this service, highlighting fast shipping, entertainment options, and exclusive deals for its customers. Coming to the next example, Google's and its brand extension in terms of Google Workspace. Google Workspace is a collection of cloud computing, productivity, and collaboration tools developed by Google. It includes Gmail, Google Drive, Google Docs, and all other services which are developed for businesses and organizations across the globe. Have a look at this particular video that introduces Google Workspace.

Let’s have a look at this example. Okay, let's get started. Can we make that orange? Great, there we go. Okay, what do you think, Steve? Steve? Google's Introducing Google Workspace video campaign introduces the rebranded suite of tools, emphasizing collaboration, communication, and productivity features for businesses of all sizes. Third case or example here of a successful brand extension is Uber Eats coming from Uber.

Uber Eats is a food delivery platform launched by Uber, allowing users to order food from local restaurants and have it delivered to their doorstep. Let's have a look at this beautiful campaign from Uber Eats, which is titled as Tonight I'll Be Eating. Tonight tonight tonight tonight tonight I'll be eating AOA PL for 10 hogy hot dog chick magnet Pizza pork rib nibbles funky egg salad and skinny fries sticky date pudding and custard and a hot fudge Sunday.

Uber Eats Tonight I'll Be Eating campaign features celebrities and influencers showcasing their favorite dishes available for delivery through the platform. The campaign emphasizes convenience, choice, and satisfaction. Now let's move on to the next part, that is brand partnerships.

Brand partnerships refers to a collaborative alliance between two or more brands to achieve mutual business objectives. This involves sharing resources, expertise, and marketing efforts to create value for both parties and enhance their respective brand equity. Brand partnerships can take various forms, including co-branded products, joint marketing campaigns, shared distribution channels, or even strategic alliances aimed at leveraging each other's strength and reaching new audiences. The goal of brand partnership is to maximize synergies, drive growth, and create innovative solutions that benefit all stakeholders involved. So what are the benefits of brand partnerships? The first benefit here is expanded reach and audience access.

By collaborating with another brand, companies can tap into each other's customer bases, reaching new audiences and expanding their market reach. This access to a broader audience allows brands to increase brand awareness and exposure. Second benefit of brand partnership comes in the form of enhanced credibility and trust. Partnership with a reputable brand can enhance a company's credibility and trustworthiness in the eyes of their customers. Associating with a trusted brand can lend credibility to the partnering brand and reassure customers about the quality and reliability of its product or services.

Third benefit is in the form of increased brand visibility and awareness. Brand partnerships often involve joint marketing efforts, which can significantly increase brand visibility and awareness. Co-branded marketing campaigns, events, or even promotions can generate buzz and attract attention from media, influencers, and even consumers, boosting brand visibility and recognition. Another benefit is in the form of cost efficiency and resource sharing. Collaborating with another brand allows companies to share resources such as marketing budgets, expertise, and distribution channels.

This can result in cost efficiencies and lower expenses for both the parties, maximizing the overall return on investment for marketing initiatives. Another benefit is in terms of innovation that is happening in terms of product or for that matter service offerings. Brand partnerships enable companies to combine their unique strengths and capabilities to create innovative products or services that may not be achievable individually. By leveraging each other's expertise and resources, brand can develop new offerings that meet evolving consumer needs and preferences. Next benefit is of course in terms of competitive advantage.

Strategic brand partnerships can provide a competitive edge by offering unique value propositions that differentiate the brands from competitors. By offering exclusive products, services, or even experiences through partnerships, service providers can attract and retain customers, strengthening their overall market position. Another benefit is with respect to consumer engagement and loyalty. Collaborative brand initiatives such as co-branded events or even exclusive offers can drive customer engagement and foster loyalty. By offering compelling experiences and incentives through partnerships, brands can build stronger connection with the audience, encouraging repeat purchase as well as brand advocacy.

And then comes market expansion and diversification advantages. Brand partnerships can facilitate market expansion and diversification by entering new geographic regions, industry sectors, or even customer segments. Partnering with brands with complementary strength or expertise allows companies to access new markets and capitalize on growth opportunities. Let's understand or summarize this particular benefit through an informative video. Have a look at this particular video that talks about different benefits of brand partnerships.

Licensing is about the power of partnerships. At its core, licensing is a business model, but ultimately it's about brand management and about brand partnerships, strategic brand partnerships. You've got two entities or sometimes more coming together, sharing intellectual property, sharing in a financial remuneration from those partnerships to create something that engages a consumer and ultimately is bigger than all of them put together. You know any kind of strategic partnership, sponsorship, at its core is a licensing deal. Advertising, the underlying business model is a licensing business model.

And that's where we see the business of licensing going because ultimately it's about how you take advantage of brand equity from two organizations, two companies, two entities to come together and create something that's bigger than both of them. With that, let's understand what are the successful brand partnerships that happen in service industry. The first case or example here is from Starbucks partnering with Spotify. Starbucks partnered with Spotify to enhance in-store music experience for customers. The collaboration allowed Starbucks patrons to influence the playlist in store and discover new music through the Starbucks app.

Have a look at this campaign that promotes Starbucks Spotify partnership. Would you like a side of music with that latte? Why not? New at 10 tonight, our digital reporter Alexandra Bahu is here to tell us about a new partnership that is merging coffee and tunes in a whole new way. Starbucks and Spotify are teaming up to create a unique type of music ecosystem. In the fall, while you're sipping on a grande pumpkin spice latte, you'll also be able to influence the jams that play in the coffee shop. Basically, Spotify is giving Starbucks employees a premium subscription to their streaming service.

Using that access, the baristas can then help shape in-store music programming. Starbucks rewards loyalty guests can then check out the playlist with the Starbucks mobile app and help choose which tunes play during their coffee sessions. Spotify users will even be able to earn stars as currency for my Starbucks reward points. The new deal will have Spotify music streaming at 7,000 U.S. Starbucks locations. This is expected to be a multi-year relationship. If you want to read more about the deal, you can check it out right on our homepage at wxyz.com. Back to you. This partnership leveraged Starbucks' extensive network of coffee shops and Spotify's vast music library to create a unique and immersive experience for customers.

By integrating music streaming into a Starbucks app, the partnership enhanced customer engagement and loyalty while driving traffic to both the brands. Next example here is coming from Marriott having partnership with Uber. Marriott International collaborated with Uber to offer seamless transportation solutions for hotel guests. Through the Marriott mobile app, guests could easily request Uber rides to and from Marriott properties, providing a convenient and hassle-free travel experience. By partnering with Uber, Marriott addressed a common pain point for travelers, transportation logistics.

The integration of Uber's ride-hailing services into the Marriott app enhanced the overall guest experience, simplifying travel arrangements, and providing added value to hotel stays. However, there not be always so positive things when it comes to brand partnerships. There are some challenges and risks involved while going for brand partnerships. This chart lists out major challenges and risks associated with brand partnerships. The first here is brand misalignment, control and decision making, dependency on your partner, brand partner of course, risk of negative associations, competitive conflicts, legal and contractual issues, and consumer skepticism.

Let's understand these one by one. The first challenge is with respect to brand misalignment. One of the most significant risks of brand partnership is brand misalignment, where the values, image, or even target audience of the partnering brands are not compatible. Misalignment can dilute brand identity, confuse your customers, and even damage brand reputation. The second challenge or risk is with respect to control and decision making. Collaborating with another brand means relinquishing some level of control over marketing strategies, product development, and customer interactions.

Differences in decision making processes or conflicts or control can lead to disagreements and hinder the partnership's effectiveness. Third challenge and risk is with respect to dependency on your brand partner. Depending too heavily on a partner for resources, distribution, channels, or marketing support can create dependency issues. If the partner fails to deliver as expected or faces its challenges, it can negatively impact the performance of both the brands involved. Next challenge is with respect to risk of negative associations.

Partnering with a service brand that experiences a public scandal, controversy, or negative publicity can tarnish the reputation of the other brand by association. Negative associations can erode consumer trust and loyalty, leading to reputational damage for both the partners. Another risk involved is competitive conflicts. Brands engaging in partnerships may have overlapping or competing interest in certain markets or product categories. Competitive conflicts can arise if the partnership undermines the competitiveness of one brand relative to the other or leads to conflict of interest.

Next challenge is with respect to legal and contractual issues. Establishing clear contractual agreements and legal frameworks is crucial for brand partnerships. Failure to address legal issues such as intellectual property rights, licensing agreements, or even liability can result in disputes, litigations, or even financial losses. And the final challenge or risk is associated with consumer skepticism. Consumers may be skeptical of brand partnerships, particularly if they perceive them as opportunistic or insincere.

Brands must ensure transparency, authenticity, and genuine value creation to overcome consumer skepticism and build trust. So, let’s have a look at some unsuccessful brand partnerships in services industry. Let’s have a look at this case study which talks about a brand partnership happen between Burger King and Microsoft's Xbox. So, Burger King and Microsoft Xbox in 2006 launched the King Games promotion offering Xbox themed video games as a part of its kids meal packages. The promotion included three Xbox games featuring popular Burger King mascots such as Sneak King and Big Bumpin.

So, Sneak King is here and this particular another character is here. Despite the initial excitement surrounding the partnership, the video games received poor reviews from both the critics and consumers. Critics criticized the games for their lackluster gameplay, low production value, and overall lack of appeal. Additionally, the tie-in with fast food raised concerns about promoting unhealthy eating habits to children. The commercial for the King Games promotion attempted to showcase the excitement of playing Xbox games featuring Burger King characters.

However, the commercial failed to resonate with the audience and did little to improve the perception of the partnership. Have a look at this particular video or a commercial that promotes this partnership between Burger King and Xbox. And have a look at how the video quality and you know the appearance of this particular ad comes out. He appears out of nowhere.

You've always wondered who's behind the mask. The answer is you. When hunger strikes, it's up to you to strike back.

Hide. Creep. Sneak. Sneak King. $3.99. Only at Burger King. So overall, the Burger King and Xbox partnership exemplifies the risk of brand collaborations when the products or experiences offered do not align with customer expectations or brand values. Despite the initial hype surrounding the partnership, the lackluster quality of the video games ultimately led to its downfall. So what are the best practices when it comes to brand extension and brand partnerships? Let's discuss first what are the best practices for brand extension. The first to do here is align with brand values. Ensure that the brand extension is consistent with the core values, identity, and positioning of the parent brand.

Second best practice is to leverage brand equity. Capitalize on the existing brand equity and reputation of the parent brand to enhance the credibility and acceptance of the extension. Third best practice involves understanding customer needs. Conduct thorough market research to understand customer preferences, needs, and behaviors to develop extensions that resonate with the target audience. Fourth best practice is to maintain quality standards. Uphold the same quality standards and consistency in product or service delivery as the parent brand to preserve customer trust and loyalty.

Next best practice is with respect to relevance and fit. Ensure that the brand extension is relevant to the parent brand and addresses a genuine consumer need or pinpoint. Next best practice is communication and communicating clearly. Clearly communicate the relationship between the parent brand and the extension to avoid confusion and build brand coherence. Next one is testing and validation. Conduct pilot test or market trials for that matter to assess the viability of acceptance of the brand extension before full scale implementation.

And the final best practice involves monitoring and adaptation. Continuously monitor customer feedback, market dynamics, and performance metrics to adapt the brand extension strategy as needed. Coming to brand partnerships, what are the best practices? Again the first one here is strategic alignment. Partner with the brands that share similar values, target audience, and strategic objectives to ensure alignment and mutual benefit. Then comes having clear objectives. Define clear objectives and expectations for the partnership including desired outcomes, roles, responsibilities, and even success metrics.

Then comes mutual benefit at its core. Ensure that the partnership offers mutual benefit and value propositions for both the brands including access to new markets, audiences, or capabilities. Another best practice is with respect to having or ensuring trust and transparency. Forster trust and transparency through open communication, collaboration, and shared decision making processes. Another best practice is to have legal and contractual clarity. Establish clear legal agreements and contracts outlining the terms, conditions, rights, and even obligations of both the parties to avoid misunderstandings or even disputes.

Next comes risk mitigation. Identify potential risk and challenges associated with the partnership and develop strategies to mitigate them proactively. Another best practice is to always go for effective execution. Implement the partnership effectively with clear timelines, milestones, and accountability mechanisms to ensure smooth execution and delivery of outcomes. And finally, strive for continuous evaluation. Regularly evaluate the partnership's performance against predefined metrics and objectives and make adjustments as needed to optimize those results.

So, in this session we try to understand the importance of brand extensions and brand partnership and its relevance to service industry. Thank you.