

# How to Avoid the Line Extension Trap

by Michael Daehn

If you follow the prevailing logic of most modern companies, you will inevitably fall into this trap. Line extension is using an existing brand name or image and extending it to new products. Sounds like a good idea, right? Why not use the equity of your known brand to draw attention to a new product? The reason is that you tend to confuse customers as to what your brand means, and in the long run this strategy decreases overall market share.

For example, in 1978 7UP was the lemon lime *Uncola* with a 5.7% share of the soda beverage market. Trying to capitalize on this significant market share, they created 7UP *Gold*, *Cherry 7UP*, and assorted diet versions. Logic would dictate that with a greater product offering they would have gained a greater share of the market. On the contrary, their sales plummeted to 4.2%. Line extensions confuse customers.

Why do so many companies use line extensions if they tend to fail? I'm not really sure why they continue to ignore the data, but here are some possible reasons:

- ***They don't do their homework.*** If companies took the time to investigate the lack of success of line extensions by other brands and companies, they might think better of the idea.
- ***Ego.*** They feel so successful with their current brand they think they can carry the momentum to the next item by slapping their name on the label. They also don't think the seven keys to marketing apply to them.
- ***Copycats.*** Everyone else has line extensions so they reason that it is the proper strategy, not taking into account the number of line contractions that frequently occur.
- ***Appearance of success.*** An insidious feature of this trap is that line extension usually has initial success. Consumers are usually curious about the new product with a familiar name and will try the new item initially, but long-term sales plummet. Some line extensions become market leaders further muddling the argument. But in those cases, it is usually because their direct competitors are also using line extensions such as Diet Coke vs. Diet Pepsi.
- ***Appearance of growth.*** Most executives are paid to come up with ideas on how to grow the brand. By concocting new versions of a brand, it appears as though they are earning their paycheck since there are more items in the market with their brand name on the label.
- ***Appearance of cost effectiveness.*** It would seem that extending a brand would be cheaper, since the company already has a place in the mind of the consumer. On the contrary, it often costs just as many, if not more, marketing dollars to educate the public about the new product line. In many cases, brands try to reeducate their consumers about what their name means. They are changing the *promises* made by the original brand.

## No Splashing

An example of this is V8 Splash. V8 aired a commercial where a person drinking the new line of product is shocked to discover there is no tomato-y aftertaste. After decades of advertising and millions of dollars trying to get consumers to recognize V8 as a tomato beverage, they change the rules. In my book, this is a classic example of the line extension trap, and what not to do.

Of course there are times when it is a good move to expand a company by offering more products. A better strategy is to use co-branding (same company, different brand names). Coke has found success in this area with Sprite. Imagine if Coke had named its product Lemon Lime Coke. Sounds absurd, but think of the brands that have gone that direction. There is Pepsi Blue, which I still am not sure if it is berry colored, or berry flavored and I don't really care to find out. The new Mountain Dew Code Red is another confusing moniker, why didn't they just come up with a new name? But even a giant like Coke does not learn from its own success and follows with Lemon Coke. Each product needs its own image and word associated with it. If you feel you have significant market share where you are and you need to expand into new markets, co-branding is the better route. Proctor and Gamble has built an empire on co-branded products.

## Narrow Your Focus<sup>1</sup>

The 20<sup>th</sup> century taught businesses the power of specialization. Line extensions go against this theory by trying to make one brand all things to all people. As the saying goes “jack of all trades, master of none.” People may not realize it at a conscious level, but they do categorize and choose brands known for a particular specialty. For this reason, marketers must narrow the focus of their product. The brands that stick in the brain are those that have a narrow, sharp, and focused tip. The broader the description and lines of a brand, the less likely it is to pierce the consumer's psyche. It is helpful to picture the brand as an actual object penetrating the brain tissue of the intended receiver. Imagine the customer standing in front of you with the top of his or her skull sawed off. The squishy gleaming brain matter is sitting exposed before you. If you are using a broad, expansive tool, it will not get past the gray matter. By creating a narrow focused point, the brand is able to puncture the brain tissue. I know this is a grotesque illustration, but I bet I got it to it stick in your brain.

Michael Daehn is the founder of marketingenious consulting and author of the book *The Seven Keys to Marketing Genius: The Complete Guide to Increasing Your Marketing IQ* available at [www.sevenkeysmarketing.com](http://www.sevenkeysmarketing.com) and [www.borders.com](http://www.borders.com). Visit his website at [www.marketingenious.com](http://www.marketingenious.com).

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<sup>1</sup> Ries, Al. *Focus: The Future of Your Company Depends on It*. ©1996 HarperCollins Publishing, New York, NY. I highly recommend reading this book for a thorough explanation of line extension and the power of focusing a brand.