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## BRAND EXPANSION OR BRAND EXTENSION?

Brand expansion is rather a risky thing. Therefore before to expanse brand, it is necessary to comprehend a few basic truths.

The question of strategy of further development of company in everyday work of producers of goods is one of key one. If a firm wishes to score a success and increase its segment at the market, it must constantly renew the assortment; constantly throw out new goods to the market. At the modern level of development of production, giant expenses on researches and developments the interval of time from designing new goods to its emerging on a conveyer constantly grows short. In the modern world to produce new goods is considerably simpler, than in future to move forward it at the market. That's why the task of choice of faithful strategy of introduction of commodity to the market becomes primary.

Expansion of brand is one of the most difficult and ambiguous questions of brand-management. Foremost it is related to the problem, that level is inversely profit elasticity. Though most of American marketing specialists say we are at the threshold of epoch of brands expansion.

There are two notions in branding: brand extension and brand expansion. There is a difference between them. If at appearance of new goods under the same name product category, purpose, target group and brand identity remain the same and the profits for consumer only changes, such modification of brand is named brand extension. When the brand covers the new segment of consumers or adjoining product category, such development of brand is named brand expansion, the brand identity remains invariable.

*The main forms of brand extension are:*

- the new quantity of the goods;
- the goods of greater amount for the previous price;
- goods in new packing;
- new taste, composition, fabrication method;
- new profits and advantages for the same users.

*Brand expansion includes the following varieties:*

- putting the products, complementary to the basic brand, on the market;
- new target group;
- new purpose of the goods;
- substitution the existent goods by new brand;
- transferring the brand image to the adjacent product category.

As a result of brand extension and expansion brand can spread on several kind of goods of one or several product groups, one or several purposes, which offers to one or several sectors of consumers different profits.

Such set of goods, having the same brand name is called a brand family. The important feature of brand family is a general identity of the brand, spreading on the whole family. Considerable changing of brand positioning and its identity results in transformation of brand. As a matter of fact, the same brand allows to save the funds, brand having the old name and in the old packing.

What is preferable: including the new variety of goods into existing brand or producing it under different brand?

*Advantages of brand expansion.* Brand extension and expansion have a number of advantages. First, if the brand has strong positions and it has confidential and loyal relations with the consumers, than these qualities of brand under the previously used brand by the consumers. Second, product promotion of the same brand allows to save the funds, using general channel of distribution and product promotion (advertising in MASS-MEDIA, exhibitions and special activities, BTL-advertisement, activities on sale promotion). Third, new product under the old brand take much less time and save funds on its development.

*Disadvantages of the brand expansion.* The main reason, limiting the brand expansion and which making development and promotion of the new brands harder, is "bluring" the brand in the mind of consumers, who originally focused on one product category, one purpose, offering one kind of products, one kind of profit and particularly advantages compeering with competitive brands.

So brand extension and expansion have a number of advantages and disadvantages, that's why every brand requires the individual going near the choice of one or another type of expansion of brand.