



Walt Disney: Banking on Brand Extension

Branding plays a vital role in attracting customers and turning them into loyal customers. Products that do not have a strong brand might be good in quality and therefore, may be able to achieve market share just through word of mouth and other publicity modes. However, this is not the case for all the products. A consumer who is new to the product and who does not want to take the risk of spending money on a product that is new would opt to go for such a brand that the person knows.

The concept of branding is all the more significant in services as it is for products. Also, companies should concentrate on the aspect of brand extension and to what extent they can stretch the brand so that the brand does not get diluted.

The aspect can be discussed more elaborately using Walt Disney (Disney) as an example. Disney is one such entertainment company which has successfully utilised the concept of branding in establishing itself and in attracting customers. It, being a synonym for family entertainment across the globe has its presence in varied segments such as theme parks, television, merchandising, etc. Despite its presence in various segments, its business suffered due to the 2008 economic recession. However, the company has decided to stretch its brand further by entering into high-end consumer products through its 'non-character' products. These products of Disney, unlike its earlier consumer products do not have the cartoon characters of Disney printed on them. They can be identified as a product of Disney only from the label. By extending into high-end consumer products, Disney has to face the threat from other well-established players such as Zara, Louis Vuitton (LVMH), IKEA, etc., in those product categories.

Though the company implemented all the necessary strategies in extending its brand, Roy E. Disney, vice chairman of the Walt Disney Company, in shareholders meeting in 2004 asserted, "Branding is what you do when there's nothing original about your product. But there is something original about our products. Or at least there used to be. Our name already means something to consumers." This in a way shows the underlying importance of branding to company though the company does not consider it as a crucial task in sustaining itself.

To discuss in depth the significance of branding, Interbrand's survey of Global 100 brands can be used for the purpose of understanding the significance of branding in making a company cut above the others. The attributes of a successful brand can also be highlighted. Disney can also be used as an example to highlight the differences between the brand extensions of a manufacturer's products with that of a services provider. All the efforts of Disney highlight the merits and demerits of brand extension. In the light of the above statement, it can be debated whether the brand expansion strategy of Disney in merchandising its products can make the brand more powerful or is it going for overkill?

The example of Disney helps to understand the concept of branding and also to what extent can a brand be stretched. It can be used to critically debate on how too much of stretching a brand can dilute the brand instead of its value being enhanced. There are many companies which failed very badly being unable to understand the limit to which they can stretch their brand.

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