

# GROWING

# THE CORE

eARTICLE

by David Taylor



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**GROWING**

**THE CORE**

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This is a free eArticle based on the [eBook](#) and [video](#) of *Grow the Core*. It offers key points from the full title – giving you the ability to learn something new about this business topic in just a few minutes while discovering how to get even more from the full length versions.

From a marketer's perspective, there are two main ways to grow a business: growing the core offerings or stretching the brand beyond the core into new markets. Although brand stretching grabs all the headlines these days, growing the core brand by selling more of the stuff that made you famous gets a lot less attention. Yet it promises to become increasingly important.

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## Back to Basics

Many companies have realised that core products are often more profitable – the core business being one that the company has mastered thanks to years of experience. The size of the business means there are often important economies of scale. Furthermore, as the brand is well known and trusted in its core area it may need less marketing support compared to products where the brand is entering a new market.

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## 1. The heart of a healthy brand

Most strong brands have, at their heart, a strong core product or service, defined on the source of profit and the source of authority. Yet modern brand strategies all too often neglect this core in favour of brand stretching when it comes to growing the business.

The road less travelled is to grow the core business. A road that more and more companies are seeing as a better way to develop, especially after having suffered from 'innovation addiction' where they become reliant on a never-ending stream of product or service 'innovations' for growth. In many cases, these new introductions add a great deal of unnecessary complexity but little in the way of extra sales. Worst of all, with this road to growth, is the risk of diluting both brand equity and profitability.

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## 2. Brand stretch or brand breakage?

### BRAND STRETCH IS HOT

On paper, the advantages of stretching brands into new markets seem compelling. Using an existing strong brand to promote a new product or service means there is less need to create awareness and imagery - like Apple's successful expansion from the PC business to media players and phones. A survey by the brandgym showed that 58% of UK consumers would be more likely to try a new product from a brand they knew, versus just 3% for a new brand.

### BUT THE SUCCESS RATE SUCKS

Less than 50% of brand stretching projects survive after three years. That means your new product or service could end up in the over-crowded brand stretch graveyard alongside the likes of Cosmopolitan Yoghurt, Virgin Vodka and Levi's Suits.

The most common reason for this poor performance is *brand ego tripping*: being too big for your brand boots and under-estimating the challenges of successfully stretching into a new market - normally by failing in three key areas.

#### 1. No value

Brand stretching falls short when new products or services fail to add value for consumers compared to what has been promised, or what is already on offer. This can be a symptom of a love for emotional branding – often encouraged by agencies and consultancies. Clients are urged to forget about the importance of the product and to focus instead on emotional factors; if you like, to concentrate on the 'sizzle' and disregard the 'sausage'.

## 2. Poor execution

Underestimating the importance of excellent execution kills many brand stretching attempts. It's one thing to come up with an *idea* about how you can add value in a new market, but delivering it is something else altogether.

## 3. Lack of stamina

Smart companies pick their fights carefully, whereas brand ego trippers don't respect the competition when attacking the core business of another company. Launching Axe shavers against Gillette or Virgin Vodka against Absolut sounds good at the outset but can you slug it out through years two, three and beyond?

## WHEN SUCCESS IS WORSE THAN FAILURE

Brand stretching also risks diverting attention away from the core business, particularly when small brand extensions that manage to survive steal budget away from the core brand's budget, leaving it neglected and exposed to competition. If the big, beautiful core business is 'Snow White', then these tiny new products are like the seven ugly dwarves who drain resources while distracting leaders and talented team members with the 'new toys' created by brand stretching.

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## 3. A different way to grow

Growing the core can make what is strong even stronger. Compare growing a typical core brand and a stretched brand where the core brand is by far the largest part of the business. The core brand may only need to grow a small percentage to deliver significant additional profits - profits that might require a massive growth in the stretched brand to equal. Moreover, the core business is often more profitable and doesn't need to fight as hard (or as expensively) with more established players for market share. It can also grow and strengthen in terms of business volume and brand equity without extra changes in infrastructure or packaging.

## THE CHALLENGES OF GROWING THE CORE

Growing the core requires as much, or more, creativity than launching innovation into new markets and presents particular human challenges:

- It usually seems less sexy at first sight compared with brand stretching where people get to use all the goodies in the marketing toy box.
- Some marketing folk believe that launching an exciting new product or service is a better way to earn promotion. However, the rapid turnover of marketing people often means that as one person moves up the poor person left behind has to fight consequent issues.

- Because growing the core requires *more* creativity in some ways, not less, it's seen as harder to achieve. Launching a new product is a well-defined road everyone knows, whereas growing the core business requires a lot more imagination.

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## 4. Remember and refresh

### THE BRAND BALANCING ACT

Growing the core requires a balancing act between remembering what made you famous and refreshing the brand to keep it relevant. Many companies spend a lot of time and money looking at future trends but miss looking back at what made them famous in the first place.

You also need to take a close look at both direct and indirect competition (brands operating in different markets that can potentially steal business from you). Missing what the competition is doing can catch out long established brands.

Once you've looked both back, forward and studied the competition, decide which elements to keep, update, add and lose. Clarity on these points is a great start for defining the vision for your brand and can help keep it on track.

Many examples of unsuccessful brand development can be traced back to the lack of a clear and compelling brand vision that the whole business has bought into. A clear vision plays the role of keeping the whole team on track towards the desired destination – a bit like a 'brand GPS system'.

### SELL THE CAKE NOT THE RECIPE

Once you have the detailed brand positioning, it's time to bring it to life visually and get some buy-in. After all, standing up and showing people your brand pyramid or onion is a bit like Gordon Ramsey coming to the dinner table and presenting his guests with a detailed recipe of the cake they are about to eat. You need to give your audience the cake, where the cake is the brand mix that you need to sell and bring to life in a visual way.

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## 5. Renovation waves

### A NEW MARKETING MIND-SET

Growing the core requires a change in marketing mind-set. Rather than a one-off activity, core brand growth becomes a way of working. It involves an ongoing process of idea development and implementation to keep the core business growing.

The trick to keeping the core brand healthy and growing is to apply 'waves' of renovation activity to the core business to keep it moving forward – each wave reinvigorating the business. Before the core business can plateau and start to decline, the next wave of activity hits the market.

These waves of renovation play several important roles:

- They keep current users interested in the brand
- They are an opportunity to target new user groups or occasions to keep the core brand growing
- They afford a chance to respond to emerging trends and competition

## INNOVATION. BUT NOT AS WE KNOW IT

Many businesses have become addicted to new product and service introduction to drive growth. However, new product development is only *one* form of innovation. Growing the core involves several other types of innovation that start with ideas that need no product or pack changes and then move on to areas that require more investment, such as:

- **Promoting the core:** selling more of the core product through smart marketing and new distribution channels.
- **Upgrading the core:** improving the delivery of core benefits by making existing products and packaging better.
- **New formats:** selling more of existing products, but in new formats to target new occasions and/or user groups.
- **Core range extensions:** new core products that extend the range.

The remainder of this article provides a summary of the issues and methods that surround growing your core brand successfully; a more comprehensive version of which you can read in [David Taylor's eBook Growing the Core](#).

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## 6. Promote the core. Products that actively build the brand

The best place to start when growing the core is to apply all your creativity on trying to sell more of your existing products by better promoting what you have in your current range. One way to enhance the creative input is to cut your budget, perhaps even to zero, - forcing you to think like an entrepreneurial start-up brand.

Ways to do this include:

- Being brave and breaking codes
- Going beyond promotion to brand activation
- Using every bit of your brand
- Standout staff
- Tone of voice

## EXTENDED USE

The ideas discussed so far focus on increasing penetration of the core brand by getting more people to try you. The other growth opportunity lies in getting existing users to use more of your product or service, or 'extended use'. Again, this requires limited or no investment in new products or packaging, just clever marketing based on good consumer insight.

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## 7. Upgrade the core

Upgrading the core is all about making what you currently sell even better. It's an approach that's often overlooked as innovation efforts are applied to adding new products to the core range rather than improving existing products. But upgrading the core can keep your loyal users loyal, get them to buy you more often and, if the news is exciting enough, attract new users to the brand.

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## 8. The power of packaging

Packaging is one of the most fertile sources of ideas for growing the core. Without needing to add extra products, harnessing the power of packaging can help you grow your business, introducing brands to a whole new user base and do a better job of building brand equity using such tactics as:

- On-shelf standout
- Functional benefits
- 'Packvertising'
- Re-positioning
- Targeting new occasions

Last but definitely not least is the power of **packaging** to grow the core by targeting new user groups or occasions. This is a great way of breathing life into an established brand.

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## 9. Core range extension

Core range extensions grow the core, by adding new versions of the core product or service to the core business. This is very different from brand stretch, which sees the company moving into totally new markets, because you are still 100% focused on the core business but working on offering new versions.

Look at the humble tea bag for example. Tetley have expanded their brand's appeal through the launch of Organic and Decaf versions and a range of more specialist teas such as Herbal Infusions and Redbush tea.

The best place to start on core range extension is with a **market-map**, based on qualitative and quantitative research, which highlights opportunities to deliver new benefits or meet the needs of new occasions and user groups. Use the market map to highlight areas where your brand 'under-indexes' and has less than its fair share of certain user groups or occasions.

Major points to consider with Core range extension are:

- **Watch out for cannibals:** be careful your new versions don't take away, or even degrade, market share of your core product.
- **Make sure there's a trade-off:** Check that there is a justifiable 'trade-off' involved when adding a new product. Modifying the existing product may add some benefits but it risks undermining others.
- **Premiumisation:** This is a specific way of delivering new benefits, where the primary objective is to increase the price per unit, or 'premiumise' the offer to boost the overall brand profitability.
- **New news:** This last way of using core range extension is to add 'new news' to the brand to keep it fresh and interesting.
- **Less is more:** Focus core range extensions on those ideas with the best potential to grow the business and dramatise the brand vision. This requires an assessment of how effective each of your core range extension efforts are at building the vision and, ultimately, the business.

The [Grow the Core eBook](#) provides practical advice on getting more from brand strategy, supported by examples of advertising and packaging via links to [brandgymblog.com](#). It includes detailed explanations, tips, tools and real-life examples of the benefits of growing the core of a business that have been road-tested on projects with David Taylor's consultancy, the brandgym.

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## More smart thinking

This is only a summary eArticle of *Grow the Core*. You'll **find much more in the [eBook](#) and [video](#)** with plenty of valuable information to give you a new and in-depth insight into key business subjects. Quickly gain expert business knowledge you can use right away.

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