Primed & Ready:

Extend Your Brand, Claim New Spaces

The winning formula for conquering adjacent spaces starts by tapping the potential of your brand's extendable equity and unleashing your organization's long-overlooked assets.

Hungry for *Growth*

The hunger for top-line growth
has never been stronger.

The belief among executives in
their brand's potential to grow
has never been greater.

Investment in innovation programs
has never been higher.

Yet for brands in mature, flat and competitive markets, growth has never been harder to come by.

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Simple, *Not Easy*

Your brand's growth ambitions hinge on two questions which are simple, but not easily answered.

Where to Play?
How to Win?

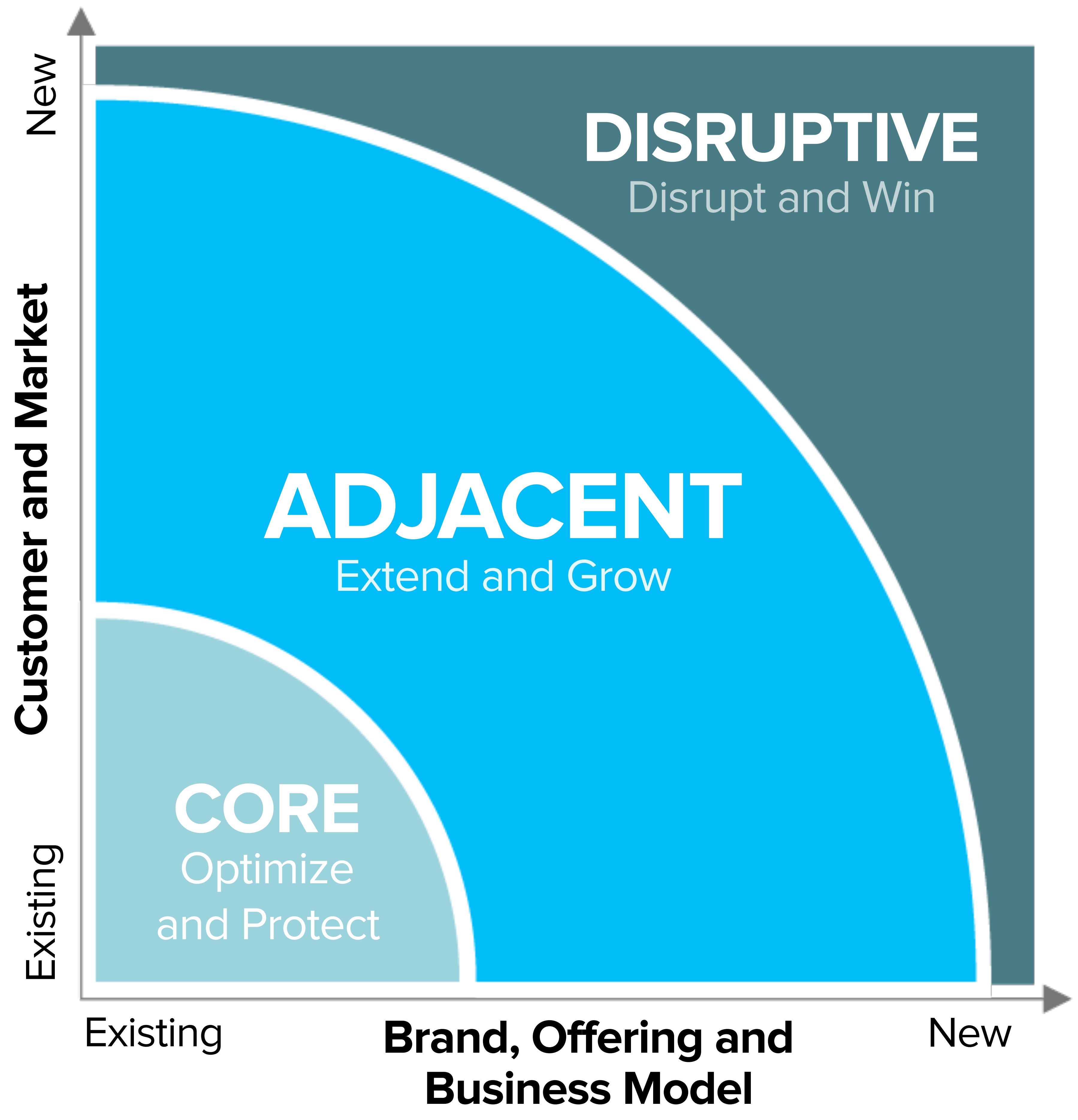
Let's start by defining growth and locating your ambitions.

The Overlooked Middle

Media and business communities load attention and praise on disruptive innovation.

On the other end, core innovation provides businesses the incremental, safe wins they seek.

Too often, brand extension into adjacent spaces is overlooked, despite its ability to deliver sustainable growth without big investment or change.



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Adjacent Levers

For many considering brand extension, adjacent categories likely come to mind first.

But as Patagonia, Amazon and Netflix have shown, broadening your definition of adjacencies is key to increasing your odds of success.

Enter Adjacent
Categories

Patagonia expanded from outdoor gear to food with Patagonia Provisions.

Reach Adjacent
Customers

Baby-food brand Happy Family recently introduced a line of products for expecting and new moms.

Extend into Adjacent
Geographic Markets

With 392 stores in 48 countries on 6 continents, IKEA has become ubiquitous, in part due to its flat-packed product.

Extend into Adjacent
Channels

Brick-and-mortar convenience stores in a uniquely Amazon way: tech-enabled.

Expand along the
Value Chain

Netflix continues to spread across the value chain, moving from physical distribution to streaming and now content creation.

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Where to Play?

Strategy is the art and science of making choices. There will always be more growth opportunities than you can pursue.

Success is dependent on correctly prioritizing the greatest opportunities and allocating the proper resources.

1. *Can* You?
2. *Could* You?
3. *Should* You?

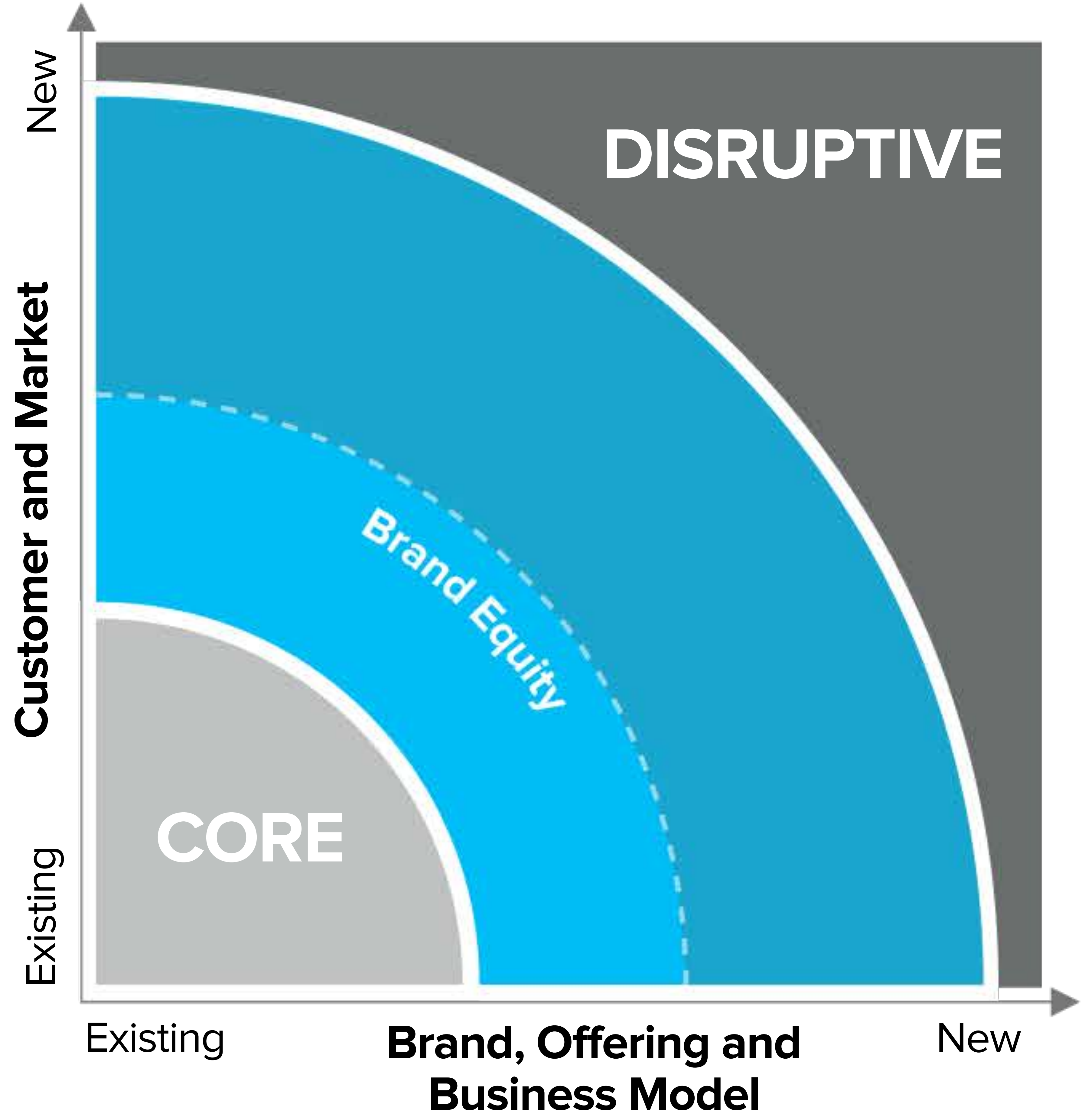
1. How Far *Can* You Stretch?

Establish Your Brand's Extendable Equity

Start by understanding your consumers' associations and perceptions of your brand and where consumers will give your brand permission to stretch.

Some brands are fortunate in that consumer perceptions grant the brand permission to stretch far beyond their core offering.

Most brands suffer from narrow feature- and function-based associations that limit their ability to extend.



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2. What *Could* You Do?

Discover Adjacent Opportunities

It is critical to identify all adjacent opportunities available, so as not to overlook attractive growth prospects.

To kick-start your discovery, search outside/in and inside/out.

Envision
New Possibilities

Many organizations make the error of only applying deductive analysis and inside/out thinking and end up identifying obvious adjacencies.

Leading companies leverage consumer discovery and creative intuition to envision new opportunities to stretch the limits of their brand.

Where to spot fresh possibilities:

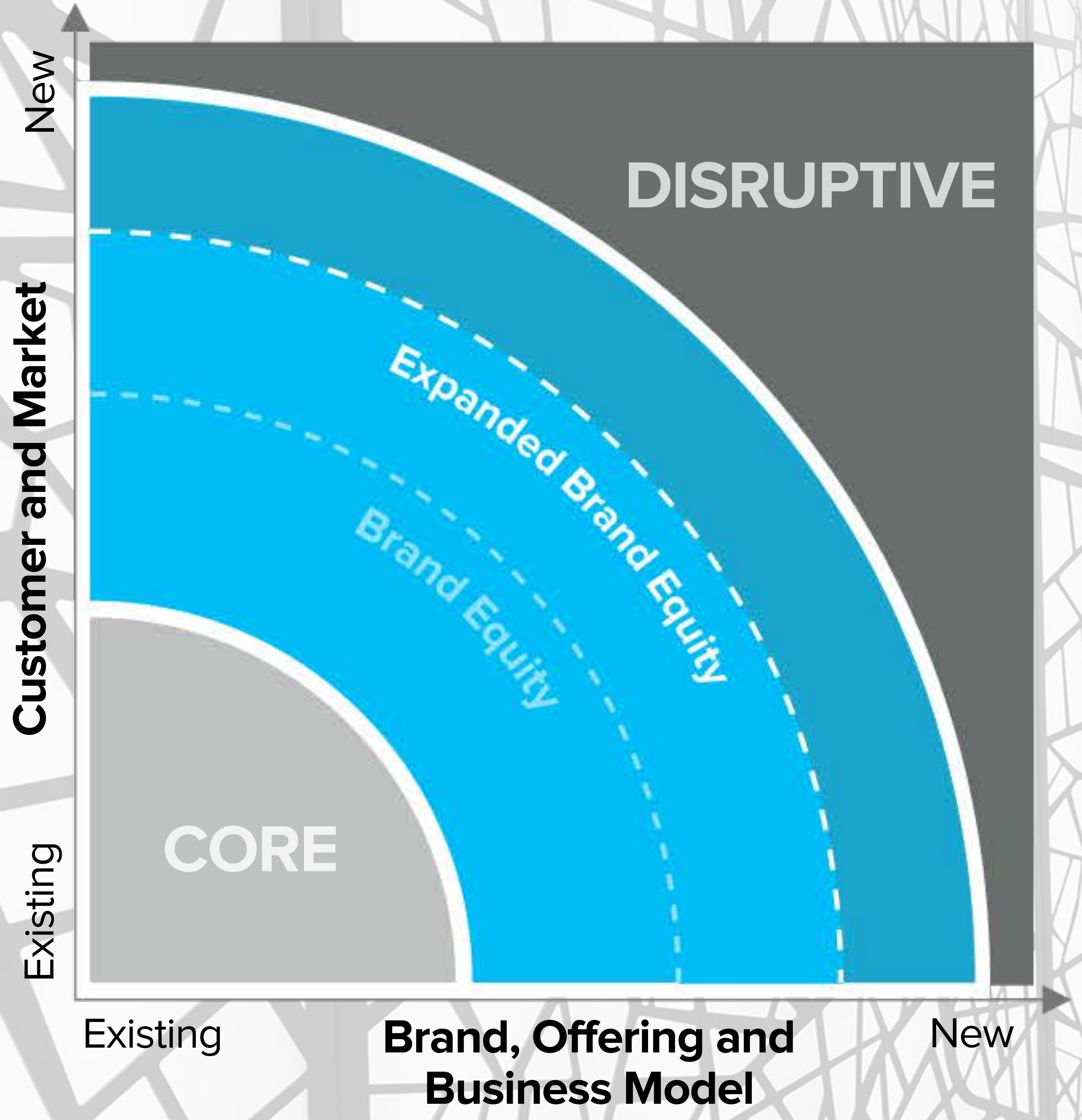
- **Emerging trends** impacting consumers in adjacent spaces
- **Nascent consumer needs** beginning to surface
- **Weak signals** suggesting an emerging category
- **Developing channels** presenting new opportunities

Unleash
Your Overlooked Assets

Your underutilized assets will be your competitive advantage when entering adjacent spaces, which allows you to expand your brand equity boundaries and consider opportunities once ignored.

Areas to uncover underutilized assets:

- **Technologies and IP:** What dormant technologies, manufacturing capabilities or IP could gain new life in an adjacent space?
- **Customer relationships:** How might you leverage your customer relationships in adjacent spaces?
- **Distribution networks:** What opportunities does your existing distribution network inspire?
- **Shelved products:** What ready-to-ship products with high potential have been shelved and/or long overlooked?
- **Partnerships:** What valuable partnerships could offer a new benefit to adjacent categories and customers?
- **Research:** What valuable research could be leveraged with a new audience?



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3. What *Should* You Do?

Prioritize Opportunities

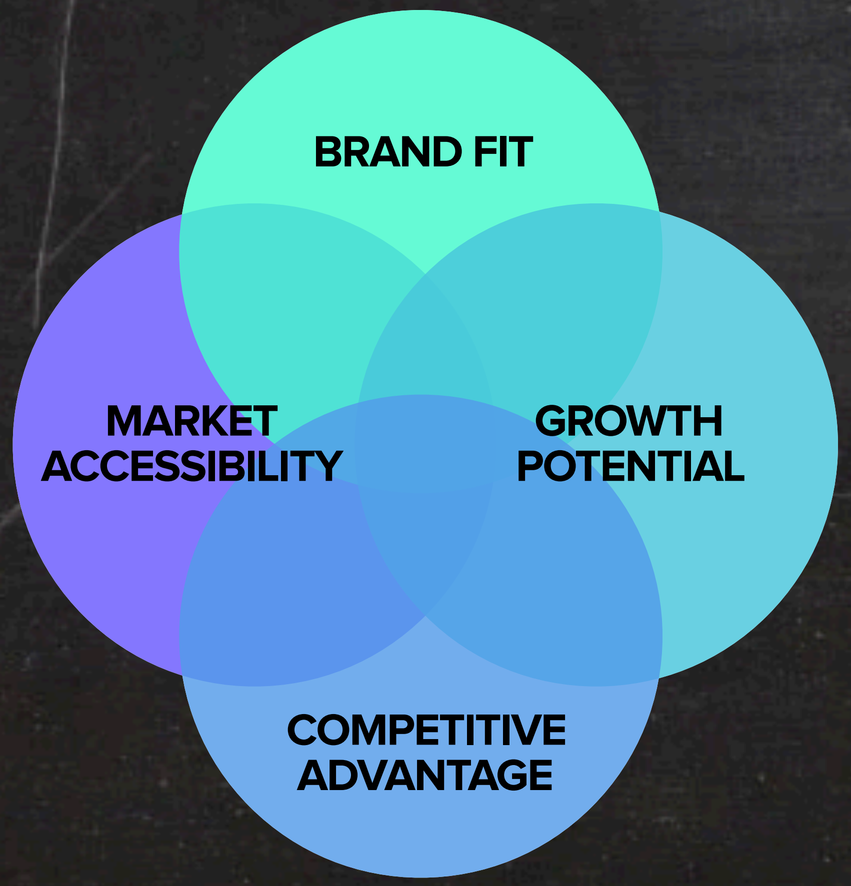
With so many viable opportunity areas—but limited resources—it is critical to prioritize correctly.

From **Cheetos Lip Balm** to **Zippo Perfume**, brands have broken the Spandex Rule: Just because you *can* extend your brand into an adjacency doesn't mean you *should*.

3. What *Should* You Do?

Brand Extension Prioritization Scorecard

Applying 4 simple filters can help determine whether or not to prioritize an opportunity area for further development.



Opportunity X

BRAND FIT

Score

Architecture: Does your architecture support this extension?

Awareness: Are customers in this adjacency aware of your brand?

Permission: Will consumers give the brand permission to extend?

Support the Core: Does the extension reinforce the brand's equity in the core?

GROWTH POTENTIAL

Score

Size of Prize: Is there a large enough addressable market?

Market Share: Is the brand capable of capturing a fair market share?

Opportunity Quality: Is the opportunity sustainable and margin accretive?

Speed to Market: How quickly can the brand enter and compete?

COMPETITIVE ADVANTAGE

Feasibility: To what extent is this adjacency feasible with current capabilities?

Advantage: Does your brand possess a differentiating competitive advantage?

MARKET ACCESSIBILITY

Investment: What is the investment required to enter this category?

Competitive Intensity: How established is the category's competitive set?

Barriers to Entry: What are the critical barriers to entry?

How to Win?

You've prioritized your highest potential adjacencies, mapped your brand's extendable equity and uncovered your competitive advantages ... the looming question is **"How to Win?"**

It's a simple question that's not easily answered.

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Innovation's dirty little secret?

Its failure rate has never been higher.

70–80% of corporate growth initiatives fail to result in an in-market outcome. Of those few that make it to market, only 15% meet revenue expectations.

But it doesn't have to be that way.

A fortunate few have cracked the code, shifted the odds in their favor and created a repeatable process for growth.

Let's keep talking.

How can we help you prep for what's next?

Reach out to us at lpk.com or:

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