

ADVERTISING

When is product expansion too big a risk?

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By ERIN SHEA

Many luxury brands have branched out into new product categories, but the products must be well designed and well made to convince consumers that the purchase is worthwhile, experts say.

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Now, fashion brands are getting into home products while automakers are creating apparel and handbags. Brands should beware when launching new product categories and make sure to create a reputable product or risk diminishing their reputation.

“The new product has to have great design, great quality and great craftsmanship,” said Milton Pedraza, CEO of [The Luxury Institute](#), New York.

“If a brand can deliver that, consumers won’t care what brand it is because in the end, it is the design quality and craftsmanship that matters,” he said.

Birds of a feather

Many brands have expanded their product lines to create new items that are outside of their typical realm of offers, but still make sense for the brand.

For instance, British automaker Bentley Motors created two new leather handbags that will be debuted Aug. 18 at Pebble Beach Concours d’Elegance in Pebble Beach, CA. The

handbags start at \$5,000 and come in classic Bentley colors, according to [WWD](#).

In addition, apparel and accessories brands have branched out into creating home products or beauty products.

For example, U.S. label Oscar de la Renta expanded to new categories with its first in-house home collection launched this year and a line of paper products sold through online stationery brand Paperless Post ([see story](#)).



Oscar de la Renta stationery

Furthermore, French fashion house Chanel renewed its entry-level beauty line earlier this year ([see story](#)).

Creating new products with lower price points can help brands attract the attention of younger consumers and possibly recruit future higher-end customers.

“This strategy has been an interesting approach on behalf of brands because it allows them to connect directly with their aspirational market through affordable products and increases brand loyalty for future, larger purchases,” said Dalia Strum, professor at the [Fashion Institute of Technology](#) and founder of [Dalia Inc.](#), New York.

“These brands typically have a unique, identifiable aesthetic that represent their perspective and lifestyle, which connects with aspirational clientele,” she said.

“By purchasing items in these additional product categories, consumers feel a stronger connection to the brand and the lifestyle that it represents.”

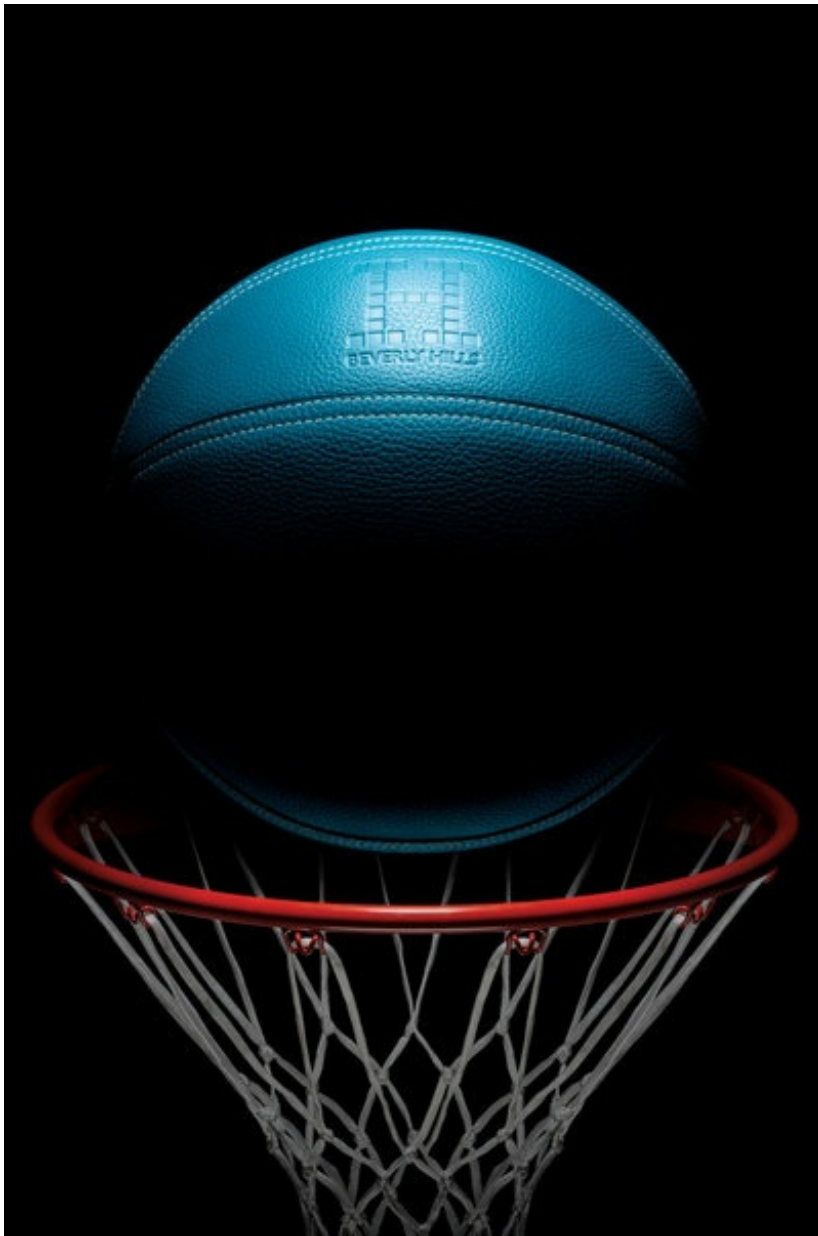
These lower-price products are generally safe expansion areas that don't pull in the profits commanded by core products.

“Oscar de la Renta stationery would be a safe bet for the brand,” Luxury Institute’s Mr. Pedraza said. “But I don’t know how monetarily successful this category would be.”

Going out on a limb

However, some brands have ventured into making unexpected new products.

French leather goods and scarves maker Hermès will debut a \$12,900 basketball for the reopening of its boutique in Beverly Hills, CA, per [The Hollywood Reporter](#).



Hermès basketball

Also, Saint Laurent Paris created black-and-white roller skates that are priced at \$1,150, [The Cut](#) reported.

Although products such as the roller skates and basketball show the creativity and versatility of the brand, they do not necessarily add value. Ultimately, the customers are the judge of whether a new product succeeds or not.

“A lot of senior management thinks that if a brand is strong in some categories, that they would like to experiment with selling the brand in other categories,” Mr. Pedraza said.

“However, consumers will give you permission to expand to certain categories and they won’t for others,” he said.

“If it is logical and has superb quality, it stands a chance, but if a brand fails, it lowers the brand’s credibility.”

Final take

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