

# Do line extensions increase the success of a brand? An empirical analysis in the food retail sector

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Cite as:

Siegmund-Schultze Linda, Lehmann-Zschunke Nina, Olbrich Rainer (2024), Do line extensions increase the success of a brand? An empirical analysis in the food retail sector. *Proceedings of the European Marketing Academy*, (122612)

Paper from EMAC Regional Conference, Lisbon, Portugal, September 25-27, 2024



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## **Abstract**

Line extensions are an opportunity for companies to launch new products under an established brand name with lower launch costs. However, there is a risk that products could be substituted by the new variants. The purpose of this paper is to show an innovative approach to empirically investigate how line extensions affect the success of brands. Therefore, the number of extensions and the extension level of a brand, operationalized by the average number of product attributes, are considered as potential success factors for line extensions. The success of a brand is measured by the repurchase rate and the market share. A path analysis with household panel data from 2012 to 2022 shows that an increasing number of extensions leads to a higher repurchase rate. An increasing extension level leads to a significantly higher market share for the two market-leading brands in the laundry detergent segment.

**Subject Areas:** *Branding; Marketing Strategy; Retailing*