



Factors of Successful Brand Extensions in the FMCG Industry

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FMCG companies use extensions to launch bulk of their new products. This trend is set to continue despite the growing literature which indicates that increasing number of extensions fail in the first 3 years of launch. Thus it is necessary for Brand Product Managers to understand factors of successful extensions. In this report a National Brands LTD (NBL) case study was conducted using 5 factors that were researched by Nijssen (1997), to analyse 7 extensions linked to 4 brands and that were launched in the last 3 years. Of the studied extensions, 4 have been found to have to have influence on the success of extensions. Findings of 1 factor were not conclusive. A factor that did not form part of the research propositions was also found to be key for the success of extensions.



I declare that this research project is my own, unaided work. It is submitted in partial fulfilment of the requirements of the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university.

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1.1 Background

An AC Nielsen's (2006) tracking study of new listings in the South African Retail sector indicated that 10 500 new FMCG items were launched in 2005. More than 90% of the launches were extensions, and the balance was made up of new brands.

A chronological analysis of the US FMCG market shows that popularity of extensions has been growing with the increasing number of new launches. For the period 1977 to 1984, new launches in the USA numbered 120 to 175 annually; and 60% of these were extensions (Aaker 1990). In 1991, 16 000 new launches were recorded; and 90% of these were extensions (Rangaswamy, Burke and Oliva 1993). In 2005, 30 000 new launches were listed in the retail sector; and over 90% of them were extensions (ACNielsen's 2005).

There are many well-documented cases of extensions based on the academic writings of the last 20 years mainly (Aaker 2004 and Taylor 2004). The cases include Disney (arguably the first recorded case of most successful brand extensions), Virgin (notably through extensions into unrelated categories across a wide spectrum from music to beverages and gyms), Dove (classic case of a well-understood and single-minded brand, with well-structured extensions) and Mercedes Benz (with extension of the brand into semi-luxury market through C-, and A-Class models).



1.1.1 Significance of t

The following are the key reasons why managers prefer extensions (Aaker & Keller 1990; Ambler & Styles 1996; Dacin & Smith 1994; Hem, Chernatony & Iversen 2001; Nijssen 1997):

- Extensions are perceived by managers as a low-cost, low-risk way to meet the needs of various consumer segments;
- this is because they (extensions) can leverage off an already existing brand franchise's high levels of awareness and goodwill;
- extensions can satisfy consumers' desires by providing a wide variety of goods under a single brand;
- there is growing competition and associated shorter product life cycles; and
- extensions are often used as a short-term competitive weapon to increase a brand's control over limited shelf space.

Research International (2004) MicroTest found three key reasons for preference by companies to launch extensions. (a) The innovations are not distinctive enough to be able to stand on their own. Thus it makes sense to launch them as extensions. (b) The products themselves are not good enough, and it is hoped that the strength of the motherbrand will aide in overcoming the shortfall. (c) There is not enough marketing budget for effective launch and continued support of stand-alone new brand.

Quelch and Kenny (1994) argue that costs of wanton line extensions are dangerously high, that line extensions rarely expand category demand, and that retailers are



running out of shelf space that extension failure rate may increase due to companies that are overextending their brands, and this is supported by ACNielsen's (2006) prediction of 70% failure rate in the next 2-3 years.

1.2 To extend or not to extend

Industry insights from the unstructured interviews indicate that companies that is inevitable that FMCG companies will extend their brands. There was agreement from the interviewed Marketing specialists that the key challenges facing the companies are thorough knowledge of what their brands stand for in the minds of consumers, and clear understanding of dynamics of core and related categories into which parent brands are to be extended.

Andy Rice from Yellowwood stated that Caterpillar had a clear understanding of what the brand stood for, and that is rugged, hard-working, outdoor image. This enabled the company to successfully extend into clothes with the same image. At face value, the Caterpillar could be mistaken for heavy earth-moving equipment and thus be restricted to this product class.

1.3 The research problem

Research International (2004) MicroTest study of over 22 000 new launches over a 3-year period indicated that over 90% of them were extensions, and that the failure rate in the first year of launch is higher for extensions (50%) than for new brands (47%). Even brands that have successful extension records have had failed ones too – Virgin cola and Virgin jeans (Taylor 2004); Bic underwear and perfume (Hem et. al.

2001); Colgate ready me ; and Frito-Lay lemonade (Taylor 2004); are examples of failed extensions.

The overwhelming preference for extensions is set to continue as indicated by David Taylor (2004), where over 80% of companies surveyed indicated that they were going to be launching new innovations as extensions in the next 2-3 years. This is despite growing evidence of the high failure rate of extensions (ACNielsen's 2005 and Taylor 2004).

As clearly stated above, extensions are the most preferred form of launching new innovations, and this trend is going to continue into the foreseeable future. With the associated evidence and predictions indicating a growing failure rate of the extensions, the key question should be “what is the best formula for launching and supporting extensions” to ensure that they are successful in the market. Phrased differently, the challenge that companies face is to know the factors of successful extensions. This is the subject of this report; and it was looked at in the context of FMCG, using National Brands Limited as a case study.

Research work that went into evaluating factors of successful extensions was based on 3 perspectives; Brand/Product/Marketing managers (herein referred to as Managers), consumers and reseller buyers. As it will be shown in the literature review section, there are unique and overlapping factors between the 3 perspectives. However, this report is going to focus on factors derived from the Manager's perspective only.

1.4 Subsequent sections

The lay-out for the rest of the paper is as follows:

Chapter 2: Literature review

In this Chapter available literature was reviewed based on published articles, both by academia and other subject-matter experts.

Chapter 3: Research propositions

Factors of successful brand extensions that had been identified in literature review were enumerated in this Chapter with a view to application in the NBL case.

Chapter 4: Research methodology

This report was based on a case study method, and this choice was justified accordingly in this Chapter. A triangular research methodology was used to gather data. Appropriate data analysis and interpretation tools were also discussed here.

Chapter 5: Results

Research results obtained from the analysis of the data were detailed in this Chapter.

Chapter 6: Discussion of results

Results of the analysed data were discussed here and in accordance with the research propositions from Chapter 3.

Chapter 7: Conclusion and recommendations



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Key findings and implications, and recommendations were made relating to future research opportunities.

2.1 Definitions

The core concepts that make up the title of this paper need to be defined to set the context.

2.1.1 A brand defined

Kotler and Keller (2006) define a brand as “a product or service that adds dimensions that differentiate it in some way from other products and services designed to satisfy the same need”. The brand is seen in this context as an identifier.

Ambler and Styles (1996) argue that a brand is more than just a product, and that it is a combination of all elements of the marketing mix. In line with Ambler’s (1992) *holistic view* that defines a brand as “the promise of the bundles of attributes that someone buys and that provides satisfaction...”; all elements of the brand are taken into consideration; and these include the marketing mix and all the brand’s product lines.

Given the increased preference for extensions, the holistic view is more acceptable.

2.1.2 Brand extension defined

The term “Brand Extensions” is being used generically in literature (e.g. ACNielsen’s 2005), and has come to be accepted as standing for all extension forms. Academic definition of extensions was considered important as it created a proper framework within which the author was going to academically explore the subject.

There are three types of extensions (Research International 2004) - range, line and brand extensions. A model has been adapted from Taylor (2004) to define and depict these 3 types of extensions as follows:

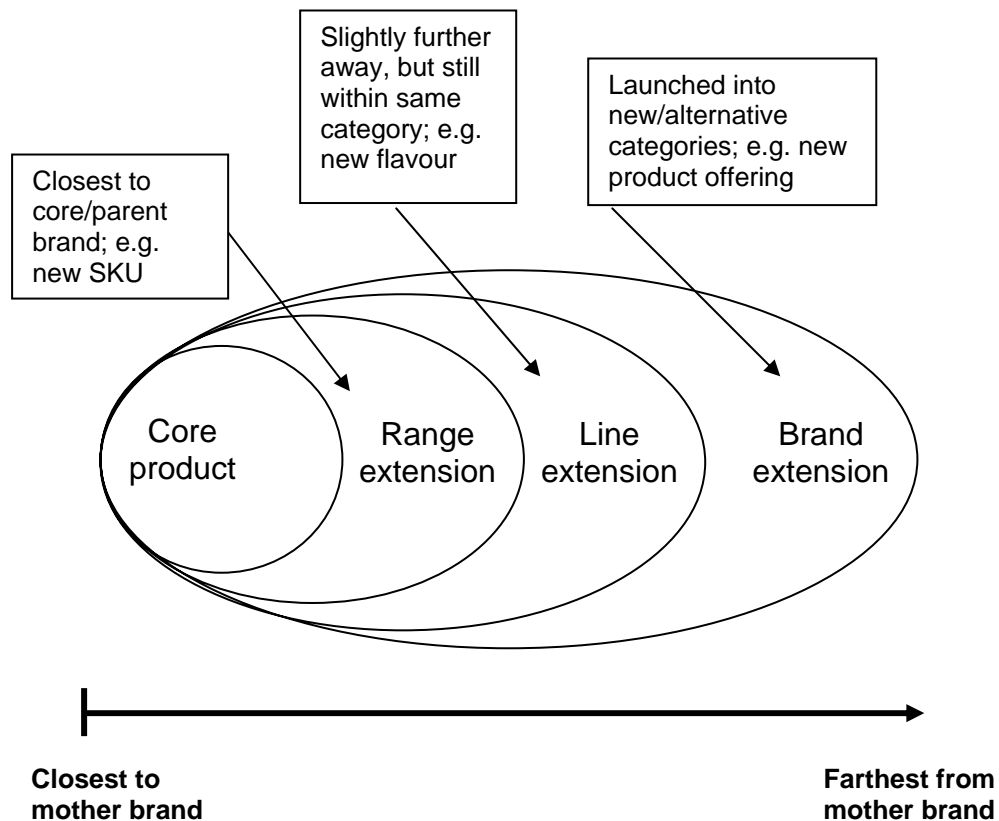


Figure 2.1: Forms of Extensions

Most literature refers to line and brand extensions. Tauber's (1981) growth matrix captures the differences between line and brand extensions most appropriately. The matrix, shown in Figure 2.2, uses two dimensions: product category, and brand name; to indicate a firm's growth opportunities.

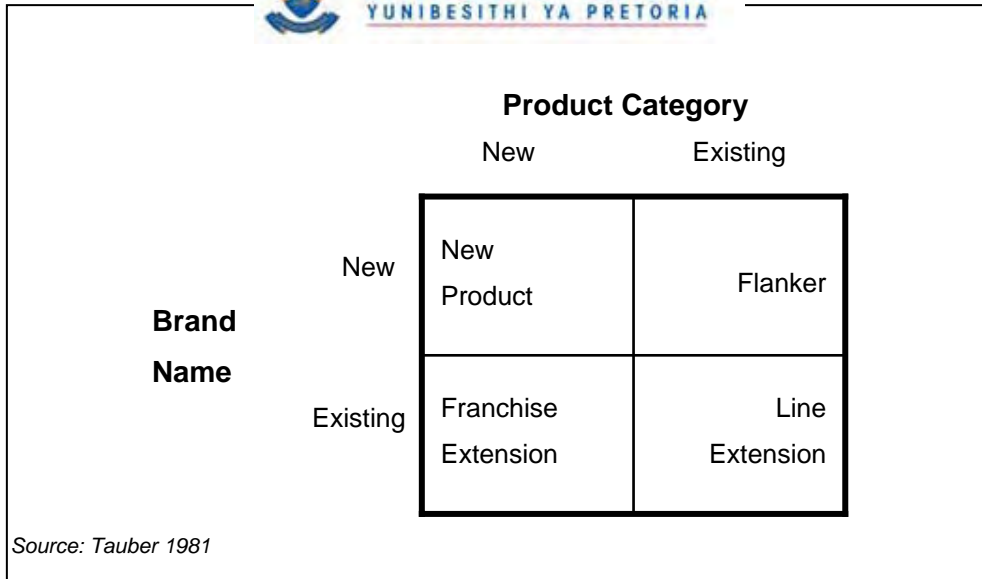


Figure 2.2: Growth Matrix

Tauber's Growth Matrix model was built from Igor Ansoff's Growth Matrix (Collis and Montgomery 1998). The Ansoff Growth Matrix model is used extensively as part of brand strategy development, and it shown in Table 2.3 below.

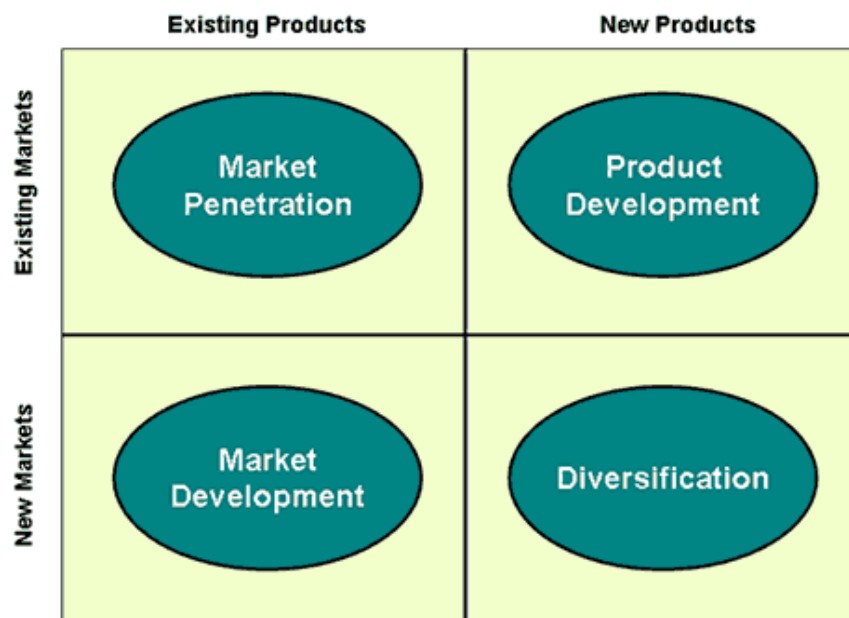


Figure 2.3: Ansoff Growth Matrix

For purposes of this report, the terms used by Tauber (1981) will be adapted without changing the intended meaning. “New Product” in top left quadrant will be changed to “New Brand”, and “Franchise Extension” in bottom left quadrant will be changed to “Brand Extension”.

The following definitions emanate from Figure 2.2:

Brand extensions are new launches that use an established brand to enter new product categories (Aaker & Keller, 1990).

Line extensions are new launches that use an established brand for a new offering in the same product categories (Reddy *et. al* 1994).

2.1.3 Factors

The factors of successful brand extensions have been identified and/or empirically researched by many authors. This report used the researched factors only, and these have come from key research papers by Keller & Aaker (1992); Alpert, Kamins & Graham (1992); Bottomley & Holden (2001); Nijssen (1997); Nijssen & Agustin (2005); and Reddy, Holak & Bhat (1994). Choice of the research papers above was based on comprehensiveness, depth of research work done, number of citations by other authors and generalisability of their results. The author of this report found that most of the other research work, especially published in the mid to late 90’s, served to bring this topic more into public debate, or validated or expanded on Keller & Aaker’s (1992) original research work.

Success factors are the ir | to evaluate performance of brand extensions (Nijssen 1997).

The following success factors have been researched between 1992 and 2004, using 3 different perspectives.

Consumer evaluation – Keller & Aaker (1992), Bottomley & Holden (2001)

- **Parent brand health** – brand awareness , levels of regular consumption and levels of affinity
- ◆ **Parent brand image** – brand aspiration levels vs competitors
- § **Extension “fit” with parent brand** - how closely are the parent brand’s key attributes shared by the extension
- **Extension’s added value to parent brand** – what consumer need does the extension meet in addition to the parent brand

Reseller evaluation – Alpert *et. al* (1992)

- **Parent brand health** – the importance of parent brand in drawing feet through the door and its contribution to trade margins
- **Extension’s added value to category** – what need is the extension going to fulfil in the category and how profitable is it, given limited shelf space
- **Order of entry of brand extensions** – pioneer vs “me-too” extensions

Manager evaluation – Nijssen (1997)

- § **Extension “fit”** – how easily can parent brand attributes be transferred to extensions
- **Parent brand health** - how easily can the parent brand be stretched
 - ◆ **Influence of retailer power** – what leverage does the retailer have in choosing brand extensions to resell
 - ◆ **Intensity of competition** – what is the level of competition in the market
 - ◆ **Extension-specific advertising** – What is the level of advertising support behind extensions
 - ◆ **Marketing budget** – what is the level of overall of the company’s marketing support
 - **Order of entry of brand extensions** – pioneer vs “me-too” extensions

The bullet keys above stand for the following:

- Factors that are found across the 3 perspectives
- § Factors that are found under consumer and manager’s perspectives only
- ◆ Factors that are unique to each perspective
- Factors that are found under consumer and reseller evaluations only
- Factors that are found under reseller and manager’s perspectives only

All the factors from the 3 perspectives above have been plotted in Figure 3 to indicate areas of overlap.

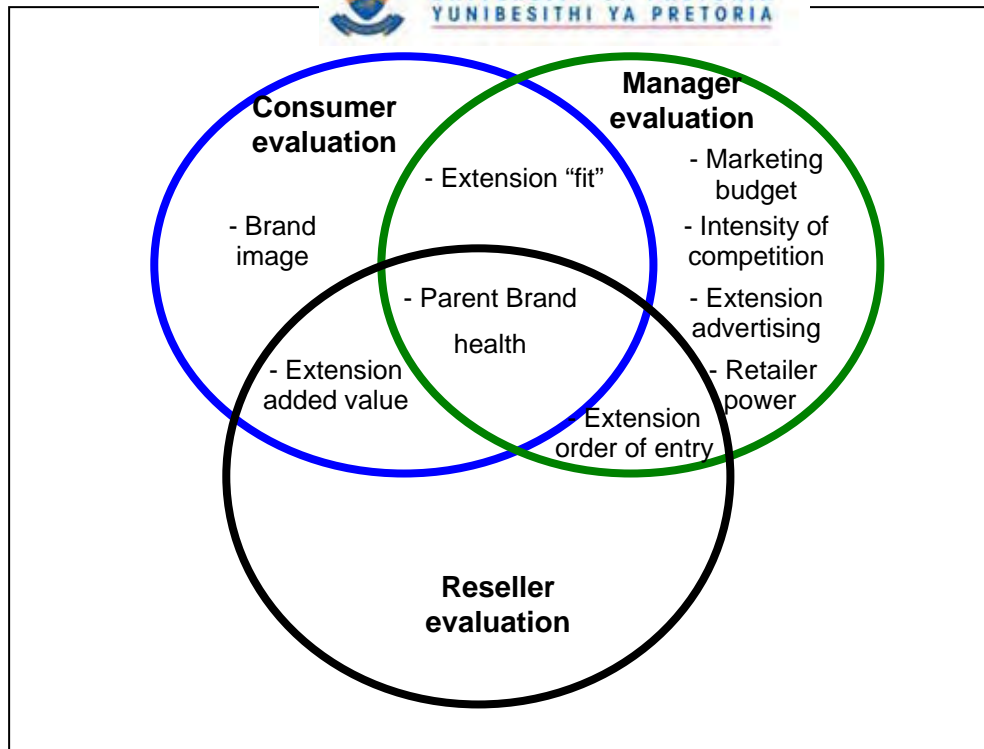


Figure 2.3: Factors of Successful Brand Extensions

There is a clear overlap between the 3 perspectives. Most Unique factors are found under Manager evaluations.

As stated in section 1, only factors by Managers are going to be applied in this report. This decision was based on the following criteria – the nature of the report is a case study and available data had a manager bias; manager evaluations incorporate the largest number of unique factors; and most of the factors based on two other perspectives in Figure 3 were represented given the level of overlap.

2.1.4 Measures of successful brand extensions

Success of brand extensions was measured on the basis of awareness and usage levels, sales volume, market share, and profitability (Nijssen 1997, Taylor 2004). The

overall growth of motherl
cess measures was also
considered.

2.1.5 FMCG industry

Wikipedia.org (2006) defines Fast Moving Consumer Goods (FMCG) as “products that have a quick shelf turnover, at relatively low cost and don’t require a lot of thought, time and financial investment to purchase. Fast Moving Consumer Goods is a classification that refers to a wide range of frequently purchased consumer products...”

The FMCG industry includes product categories such as toiletries, cosmetics, food and beverages.

2.1.6 National Brands Limited

National Brands Limited (NBL) is one of the leading FMCG companies that manufactures, markets, sells and distributes high quality tea, coffee, biscuits, and snack brands. The company owns some of the best-known Proudly South African brands that include Baker’s range of biscuits, Willard’s crisps, Five Roses teas and Frisco coffee.

NBL is a wholly-owned subsidiary of Anglovaal Industries Group (AVI) and a number 1 contributor to the group’s profits.

2.1.7 A case study de

A case study has been defined by Yin (2003) as:

An empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and the context are not clearly evident.

2.2 Academic research studies on extensions

According to Hem *et. al* (2001); the first academic research article on brand extensions on record was by Boush, Shipp, Loken, Gencturk, Crockett, Kennedy, Minshall, Misurell, Rochford and Strobel (1987). Table 1 (Appendix B), put together by Hem *et. al* (2001), gives details of the selected academic articles in chronological order between 1987 and 1999; and it indicates that a topic of brand and line extensions has become a subject of substantial research given the high preference to use them as new launches (Bottomley & Holden, 2001).

2.3 Benefits of brand extensions

Research (ACNielsen's 2005) indicates that 7 out of 10 shoppers plan their purchases before going to a groceries store, and that 8 out of 10 shoppers will usually buy their favourite brand in the store. This amplifies the preference by companies for brand extensions as opposed to new brands, and this is driven by the time (and cost) it takes to establish each of the two options in the minds of consumers (Aaker 1990).

The key benefits of brand extension in the Marketing literature by authorities such as Quelch and Kenny (1994), Aaker (2004), Aaker and Keller (1990), and Kotler and Keller (2006) as being leverage of consumer knowledge and trust of existing brands, enhancement of parent brand's visibility and image, low marketing costs and low risk. Aaker (2004) identified one key measure of a good brand extension as its ability to "bring something to the party" (P39).

2.4 Growing voice of caution

Matt Haig (2003) analysed the 100 biggest branding mistakes of all time in his book "Brand Failures". The author of this report noted that almost a fifth of the failures captured in the book were extensions, making this category the largest of the 8 that were analysed. The extension failures of well-known brands include Harley Davidson perfume, Heinz All Natural Cleaning Vinegar, Miller Regular beer, Virgin Cola, Bic underwear, Cosmopolitan yoghurt, and Pond's toothpaste.

Haig's conclusion was that extension failures were caused by (1) companies' lack of understanding of what their brands stand for, with the disastrous result that brands are extended into irrelevant categories or over-stretched; and (2) some extensions are too similar to core brands, and this results in cannibalization. He asserts that big advertising budgets will not make up for the two mistakes mentioned above, and he cites Miller Regular's \$50 million marketing budget as an example.

The main disadvantages of brand extension in the market place resulting from overextension of a brand (Quelch and Kenny 1994), and possible failure that can hurt parent brand image (Keller 2003).

Taylor (2004) argues that 1 in every 2 brand extensions fail because of overextensions that result from what he calls “ego-tripping”, and that is fulfilment of management need to leverage strength of a motherbrand, but without brand extension’s compelling offering to consumers or sometimes misaligned value proposition that bears no resemblance to the motherbrand.

Companies fall in love with themselves and constantly look for ways to take advantage of their presumably all-powerful brand names (Taylor, 2004, P3)

Ries and Ries (1999) firmly believed that the power of a brand is inversely proportional to its scope. Two of the many examples were given in their book “The 22 Immutable Laws of Branding” to make their point:

- Crest, a Procter & Gamble brand, was at one stage a leading American toothpaste with 36% share of the market. The brand was subsequently extended to 50 SKU’s, but market share declined to 25%. It also lost the top spot to Colgate and has never regained it since.
- American Express had 27% market share of America’s financial services in the late 80’s. It was then decided to broaden the brand’s services with an objective to become the financial supermarket. At least 10 financial products were developed and they targeted a wide range of consumers

from students to business individuals on the other hand. 10 years later American Express's market share was sitting at 18%.

There is also compelling evidence that extensions add little incremental growth to their categories (ACNielsen's 2005, Nijssen 1997). This has been attributed to cannibalisation that occurs mainly when extensions are not clearly differentiated from motherbrands.

2.5 Summary literature review

Literature review indicates that there has been a lot of academic interest on the topic of extensions, both in terms of published articles and research papers in the last 20 years.

Essentially, there are two schools of thought. The one school is lead by Aaker and Keller (1990) and it supports the view that companies have valuable assets in brands and they should leverage them through vehicles such as extensions. The other school of thought is lead by Quelch and Kenny (1994), and it argues that brand extensions have a limited value that they can added to motherbrands, and that they are not as cheap to launch as they are made out to be. There is growing evidence of extension failures (Haig 2003 and Taylor 2004) that are linked to well-known brands.

It is clear though, as shown by ACNielsen's (2006) and Taylor (2004), that popularity of extensions continues to grow in the FMCG industry. There is need then to



understand what are the sions. The key research article that has been written on this subject was by Nijssen (1997), and it is central in this report. It is the author's view that work should continue exploring this subject for enhanced understanding of effective launch and support of extensions.

The most recent and most comprehensive research of factors of successful extensions, to the best of the author's knowledge, was by Edwin Nijssen (1997). In his research, Nijssen tested several independent variables, some of which came from the previous research by other researchers. A hypothesis test was performed on these independent variables, using regression analysis. 7 of the tested variables passed the hypothesis test, and they were:

- (i) *Level of competition in the product category* – the more intense the competition, the greater the negative influence on an extension's success.

Intensity of competition is measured in terms of fragmentation of a given category as determined by a number of competing brands,

- (ii) *Retailer power* – the more power retailers have compared to the company introducing the line extension, the greater the negative influence on the extension.

Retailers believe that late entrants in a given category do not add value by meeting new consumer need, and this is viewed within the context of limited retail shelf space and tight margins.

- (iii) *Advertising expenditure* – the higher the extension-specific advertising expenditure, the more positive the influence on the extension's success.

Dedicated advertising is considered as a prime success factor that helps to establish a launched extension in the market separately from the motherbrand and thus reduce confusion in the minds of consumers.

(iv) *Marketing budget* – budget, the more positive the influence on the extension's success.

Nijssen (1997) found that a larger company tended to be a proxy for better marketing resources, a larger number of brands and product lines, and possibly experience.

(v) *Parent brand fit* – the closer the fit between the extension and the motherbrand, the more positive the influence on the extension's success.

Aaker and Keller in Nijssen (1997) define fit as “the level of perceived similarity between the extension and the brand's parent product based on substitutability, complementarity, and manufacturability.” The focus of the fit is on physical similarity.

(vi) *Order of entry into market* – the later an extension's market entry the more negative the influence its success.

Alpert et al. (1992) found that an extension that is a pioneer in a given category has more chance of success than later entrants.

(vii) *Strong parent brand* – an extension of a strong parent brand that is introduced late in a category is more successful than a line extension of a weak parent brand introduced early

Strength of a parent brand is measured in terms of awareness, usage, affinity, and market share. Nijssen (1997) found that strong brands stand a better chance of extending more easily and further than moderately stronger or weak brands.

5 of the factors above are to be tested in a further research to further test their validity in relation to brand extensions.

The factors that are not going to form part of this report are: (i) Retailer power, and (ii) Larger company marketing budget. Both factors will not be possible to test given the case study research methodology to be applied in this report (to be discussed in Chapter 4).

The factors that are forming the research propositions in this report are grouped as follows:

- Market factors – intense competition, order of entry, and strong motherbrand
- Company factors – extension-specific advertising, and close fit.

It was noted that Nijssen (1997) used the term “line extensions” in his research report. However, the author was of the view that “brand extensions” will not respond significantly differently to the factors stated above. This was informed by the observation that the two are used interchangeable in a number of the accessed published articles.

4.1 Introduction

This section describes the methodology that was used in the research to test the factors in Chapter 3, coming out of results of Nijssen's (1997) research report.

4.2 NBL case study

NBL was used as a single case study in this report. Yin (2003) defines a single case study as a research design "where there is a well-formulated theory that can be confirmed, challenged or extended".

Yin states that case studies work:

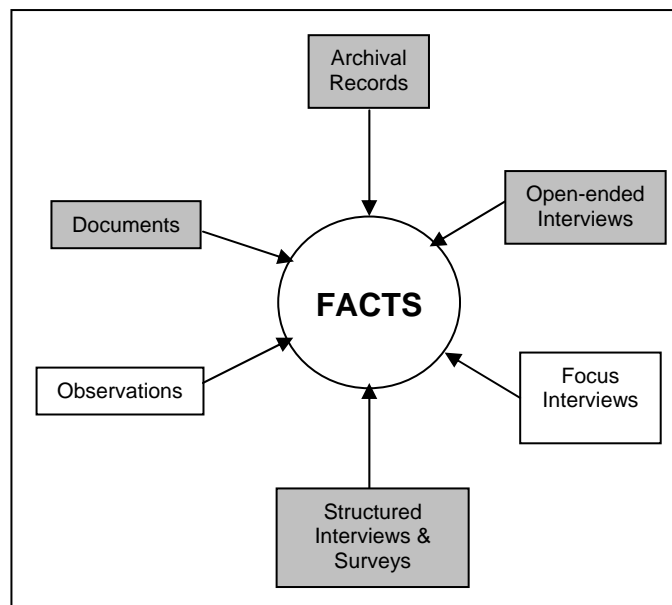
- when "how" or "why" questions are being posed;
- when there is little control over events by the investigator; and
- when the focus is on a contemporary phenomenon within some real-life context.

It has been stated that NBL was selected as a case to use for applying the Manager's factors of successful brand extensions. The author was satisfied that the 3 conditions for application of case studies above have been met, and thus the method was used accordingly.

4.3 Research meth

This report is based on a extensive secondary and limited primary data. Secondary data are defined by Martins, Loubser and van Wyk as existing data which can be used in solving the problem under study. Primary data are original data collected specifically for solving the problem in hand.

Yin (2003) indicates that there are multiple sources of data that can be used to establish facts for a case study, as indicated in Figure 4.1 below.



Source: Yin 2003

Figure 4.1: Multiple sources of evidence

The highlighted sources of data in Figure 4.1 above have been employed in this report.

4.4 Population, sample

Welman and Kruger (2001) define the target population of the study as the population to which findings of a study are going to be generalized. The population for this paper is defined as all the brand extensions associated with the FMCG industry.

Units of analysis were composed of selected brands and related extensions from NBL. The key selection criteria for extensions were:

- Participating extensions would be **brand extensions** as defined by Tauber (1981); **line extensions** were excluded from the selection as their definition allows for too broad a selection that includes SKU launches, and the author held the view that this would not provide rich and robust data for meaningful analysis and interpretation.
- The brand extensions should have been launched **in the last 3 years** of this research report; that is between NBL fiscal years 2004 and 2006. The selected brand extensions include both successful and unsuccessful ones. This was deemed important as it was going to highlight whether there was similarity between factors of both successful and unsuccessful extensions.

Table 4.1 details participating brands and their extensions that were selected based on the selection criteria detailed above. Shelf pictures of the selected brands and their extensions can be found in Appendix A.

Table 4.1: Units of analysis



Brand Category	Parent brand	Brand Extension 1	Brand Extension 2
Tea	1. Freshpak Rooibos Black Tea	Specialist Teas	Ready-To-Drink (RTD) Ice Teas
	2. Five Roses Black Tea	Speciality Teas	Ready-To-Drink (RTD) Ice Teas
Biscuits	3. Pyotts Vita Snack Baked Whole Wheat snack	Rice & Corn	Potato Crisps
	4. Pyotts Provita Crispbread	Bites	-

4.5 Sampling method

A non-experimental sampling method was used (Welman & Kruger, 2001) as determined by the following:

- the research was not a laboratory experiment,
- the author did not have control over the independent variables;
- control sample was not used; and
- sampling was not random (non-probability sample) - all units of analysis came from NBL and other FMCG companies were excluded. Also, only brand extensions were selected and not other forms of extensions.

4.6 Data collection

A triangulated research methodology was used to ensure that data is collected from multiple sources.

4.6.1 Qualitative interviews

Qualitative semi-structured interviews were used to gather insights from the industry on the subject of extensions at the start of the research. Brand Marketing specialists/agencies in the industry were targeted for this purpose.

The interviews took an hour each. A discussion guide (Appendix C) was put in place, but was not strictly adhered to, to allow free flowing discussions given the varying backgrounds and specialist areas of the targeted interviewees.

Selection of the interviewees was based on their brand marketing knowledge and experience, involvement in brand marketing and strategy, and related published articles and/or papers delivered at marketing and other public forums.

The following Marketing specialists/agencies were interviewed

- Ailsa Birch from ACNielsen's South Africa, a leading retail market research agency that is widely used for market share data by most FMCG players
- Eileen Lambourne from Research International South Africa, a research specialist in the area of brand health tracking measures
- Jeremy Sampson from Interbrand Sampson, an agency well-known for valuing brands in the market
- Thebe Ikalafeng from Brand Leadership, a multi-disciplinary and integrated group of companies with a variety of services dedicated to helping businesses with building of consumer brands
- Andy Rice from Yellowwood, a marketing and brand strategy organisation that specialises in the reinvention of businesses, categories and brands.

4.6.2 Quantitative research

A limited quantitative research was conducted within NBL. Purpose of the research was to gather data for the selected brands and their extensions that applied to the research propositions in Chapter 3.

A questionnaire was designed based on the factors of successful brand extensions that were being tested in this report (see Appendix E). The questionnaire was tested in 1 mock setting and minor changes were made. Duration for filling the questionnaire in was estimated at 15 minutes.

5 Brand Managers responsible for the selected brands and extensions that form the units of analysis in this report were sent the questionnaire by email, and they all responded.

4.6.3 In-depth interviews

Follow-up in-depth interviews were then held with all the participating Brand Managers based on their completed questionnaires. The 1-hour interviews were used to probe the questionnaire responses and extract further insights for analysis.

4.6.4 Factor rankings

Coming out of the completed questionnaires and in-depth interviews, factors that stood out as most important for the performance of the selected extensions were singled out and participating Brand Managers were asked to rank them, using weightings that totalled 100 (see Appendix G). Purpose of this exercise was to

establish if the factors the weightings and thus must be ordered in their importance to improve success of the extensions.

All the participating Brand Managers responded with their factor rankings. Some of the highlighted factors were collapsed by the author during analysis, based on similarity and better fit. An example is where factors such as **Launch support** and **Maintenance support** were singled out and mentioned separately, these were combined under the heading **specific Marketing support**.

4.6.5 Quantitative desk research

Detailed quantitative desk research was conducted to analyse performance of the selected brands and their extensions. The sources of the data were the following:

- Sales statistics – volume, net sales value (NSV) and gross profit (GM) were obtained from NBL internal records.
- External statistics – Share of market (SOM) data were sourced from ACNielsen's; share of voice (SOV) from Telmar SA; and usage and affinity tracker from Research International.,

4.7 Data analysis

The following process was used in the analysis of the data obtained during the interview process:

4.7.1 Content analysis

The collected data from the identified sources as specified in 4.6 above were analysed using content analysis, which process is defined by Welman and Kruger as a systematic observation of documents, records and interviews in order to report in a quantitative way in addition to making qualitative analysis of the essence of the contents of such interviews.

4.7.2 Correlation relationship

Analysis of the collected data sought to establish a correlation between the factors in Chapter 3 and the success of the participating brand extensions, not the casual link. This is in line with the research design that was applied by Nijssen (1997), from whose report the factors above were taken. Welman & Kruger (2001) define causality as a relationship that arises when an independent variable causes a dependent variable to behave in a certain way, and where other independent variables can be controlled to ensure that they do not influence the dependent variable. Correlation is defined as a sufficient relationship between independent and dependent variables, without the need for a casual relationship. Thus, the author did not consider the possibility of the 3rd variables that could have impact on the dependent variables.

4.7.3 Performance measurement tools used for the dependant variables

Performance measurement of the selected extensions was based on the following criteria:

- Growth of sales, profitability and market shares compared to last year (LY), internal NBL forecasts (PF03) and close competitors where applicable.

- NBL fiscal years is. The company's fiscal runs from July of one year to June of the following year.

4.8 Advantages and limitations of the selected research design and method

4.8.1 Advantages

Using NBL as a case study for this paper received full management support and guaranteed access to information.

NBL uses established research agencies, whose services are used widely by other FMCG companies. Some of the data used in this report have become industry standards, e.g. market share and share of voice data. Key data came from such agencies as ACNielsen's, Research International and Telmar's Transmit.

As shown in Chapter 2, NBL has many food and beverage brands that span across several categories. There are two FMCG super categories coming out of the participating brands and their extensions – non-alcoholic beverages and confectionaries (ACNielsen's 2006).

4.8.2 Limitations

A single case study design suffers from aspect of external generalisability (Yin, 2003).

The main source of quantitative data, AC Nielsen's Retail Index, excludes Wholesale data and this may lead to bias. However, it is worth pointing out that more than a third of volume coming from the participating brands and extensions in this report

goes through the Retail c ation is not detrimental to
the outcomes of the study.

This report suffers from lack of internal validity, resulting from it being based on non-experimental research method (Welman & Kruger 2001). The author could not control the 3rd variables that could have had an influence on the dependent variables. Examples of 3rd variables are experience levels of Marketing personnel responsible for launching and managing the participating brand extensions, extension track record of the mother brands related to the participating brand extensions, and impact of Sales force and trade buy-in or lack thereof.

This chapter presents results of the analysis of participating extensions and their parent brands.

The author would like to highlight that wherever possible the used sources of data had similar periods that coincided with NBL's fiscal years under review. In the case of ACNielsen's specifically, there were two sources of available data referred to in this chapter, and their annual periods were not in line with NBL's fiscal periods. However, annual share movements of mainly established brands tend to be stable, and thus this did not raise a major concern.

Results were presented for all the propositions in Chapter 2, based on Brand Managers' responses enclosed in Appendix F, and data from desk research. The responses were referred to as statements.

5.1 Overall market performance

5.1.1 Tea market

Total hot Tea market was valued at R1,272 million, and it grew in both volume (6.2%) and value (5.8%) versus previous year (ACNielsen's Feb/Mar 2006). While all major brands performed well, market growth was driven by Trinco (13.1%), Freshpak (26.3%), Joko (8.5%) and Glen (13.3%) growths. NBL's value share of total hot Tea

was 46.1% and it grew to 47.1% in 2006, NBL tea did well with share growth in a growing market.

5.1.2 Savoury Biscuit market

Total Biscuit market was valued at 1,605 million, and it grew by 7.0% and 12.1% in volume and value respectively (ACNielsen's Jun/Jul 2006). NBL's value share of total Biscuits was 68.2%, and the share grew by 1.6% on previous year. Overall, NBL Biscuits also did well, with share growth in a growing market.

Total Savoury Biscuit market was valued at R297 million, and it grew both volume (8.1%) and value (11.7%) versus previous year. Savoury biscuits contributed 18.5% to total Biscuit market. The participating motherbrands, Provita and Vita Snack, are classified under this super category.

5.2 Overall performance of participating extensions and related brands

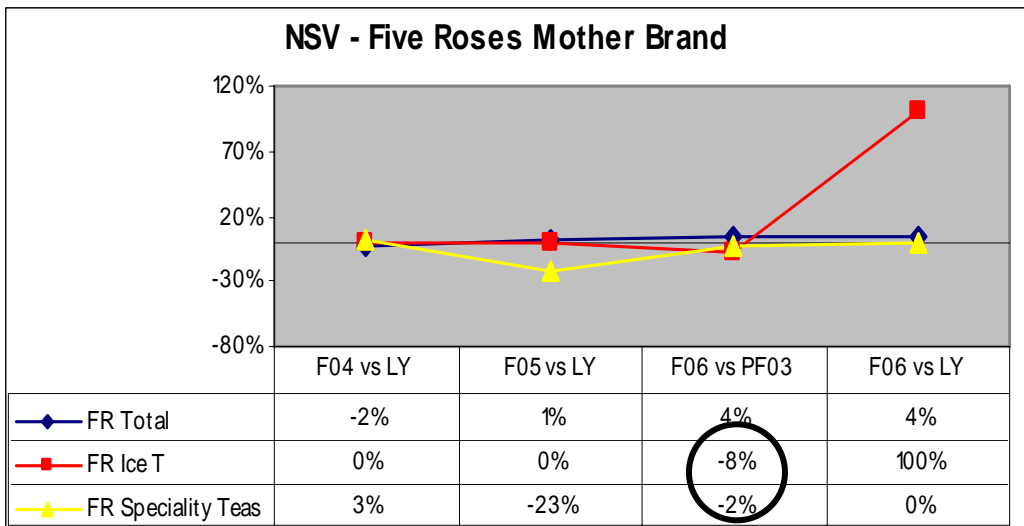
Statements 1, 2 and 4. All the participating extensions satisfied a different consumer need from their parent brands. 5 of the extensions were targeting different consumers from their parent brands. Of the 5 above, 3 were also targeting a different consumption occasion. Vita Snack Provita and Vita Snack Rice & Corn were targeting the same consumers as their parent brand, but for a different consumption occasion.



Statements 5, 20-22. The d market shares.

5.2.1 Five Roses

Black Tea category's contribution to total hot Tea market was 73.8% of value, and this was 1.7% below previous year (ACNielsen's Feb/Mar 2006). The category was valued at R938 million, and it grew 5.3% and 3.4% versus previous year in volume and value respectively. Five Roses's value share of Black Tea was 31.7% and the brand was a strong number two to Joko, and the latter had a 34.5% value share.



Source: NBL internal Sales

Figure 5.1: Five Roses NSV Performance

Figure 5.1 above is a turnover performance trend of Five Roses motherbrand and its participating brand extensions. This trend mirrored both volume and profit trends.

Five Roses motherbrand's turnover performance showed a 3-year positive trend, and its growth was in line with the market in fiscal 2006. Ice Tea and Speciality Tea contributed 2% and 4% to the motherbrand's turnover respectively in fiscal 2006.

The two Five Roses brands (Statement 3 in Appendix F), thus internal NBL forecast (PF03 of 2006) was used as a sales performance benchmark. Both extensions did not perform against the forecast. However, the Brand Managers concerned indicated that the forecasts were too high for extensions and this was caused by lack of sales history that forms an important basis for future projections. Thus it was felt that the forecasts did not provide the best benchmark against which the affected extensions' performance should be measured. It was stated in both extensions' cases that there were indications of sales volume improvements as fiscal 2006 drew to a close. Thus, the jury on the success of these two extensions was still out at the time of writing this report, but the Brand Managers were confident about their future prospects considering healthy growths of product classes where they play and their encouraging year to date market share performance, strength of motherbrand and focused Marketing support (all to be discussed later in this chapter).

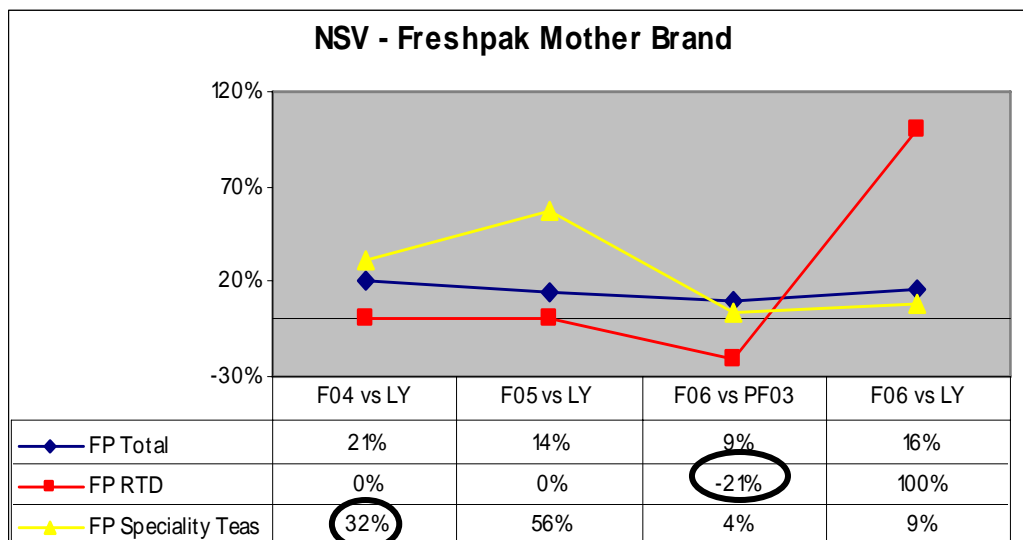
Total Speciality Tea was valued at R64 million (ACNielsen's Feb/Mar 2006). This category grew at 19% and 16.1% versus previous year in volume and value respectively; and it contributed 5.1% to Total hot Tea turnover. Five Roses held the 5th largest share of the category at 11.3% (ACNielsen's I-Sights Aug/Sep 2006). This share performance strengthened the case for the Five Speciality extension potential in the market.

The Ice Tea category was valued at R143 million (ACNielsen's Feb/Mar 2006). This category grew 28.1% and 32.2% versus previous year in volume and value

respectively. Combined a Freshpak Ice Tea was 1.4% as at the end of March 2006. However, the bi-monthly combined share trend has been growing steadily since launch and it was at 4.0% in Feb/Mar 2006 (Appendix M). The category leader was Lipton with a strong 59.0% share.

5.2.2 Freshpak

Rooibos category's contribution to total hot Tea was 21.1% of value, and this was 1.2% above previous year (ACNielsen's Feb/Mar 2006). The category was valued at R269 million, and it grew at 9.8% and 12.5% versus previous year in volume and value respectively. Freshpak was a strong category leader with a 2.1% value share growth over two years to 43.6% in 2006 (9.2% of total Black Tea).



Source: NBL internal Sales

Figure 5.2: Freshpak NSV Performance

Figure 5.2 above is a turnover performance trend of Freshpak motherbrand and its participating brand extensions. This trend mirrored both volume and profit trends.

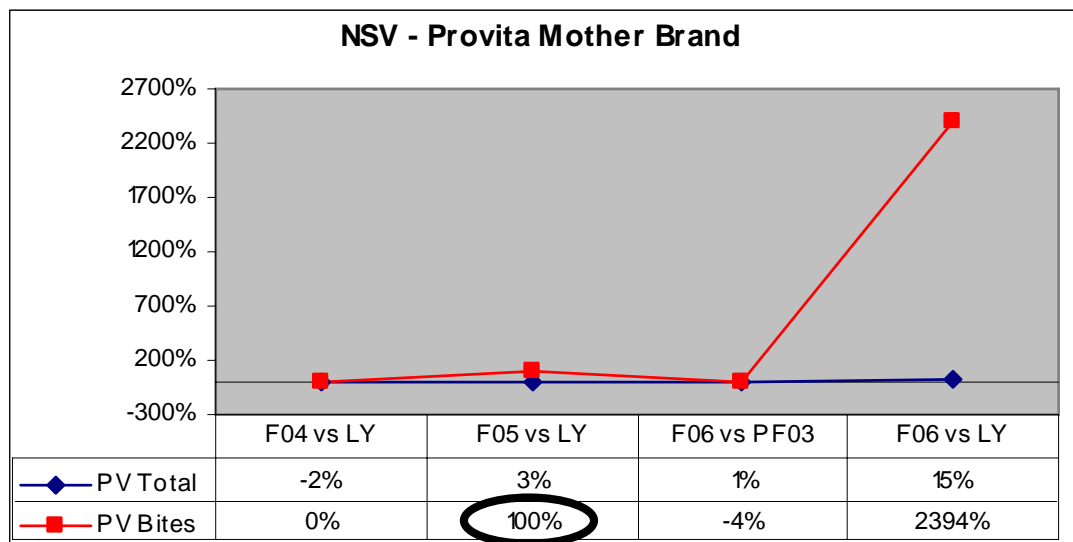
Freshpak Ice Tea and Freshpak Speciality Tea were valued at R289 million and R289 million respectively in 2006 and 2004 and contributed 2% and 8% to total Freshpak turnover respectively in fiscal 2006.

Freshpak motherbrand and its Speciality Tea extension saw healthy growths over the 3 years under review, while Freshpak Ice Tea did not meet internal forecast. As in the case of Five Roses Ice Tea, the jury was still out on the Freshpak Ice Tea.

Freshpak Speciality Tea was a category leader at 28.4% value share (ACNielsen's I-Sights Aug/Sep 2006). The closest follower was Lipton with 26.6% share.

5.2.3 Pyotts Provita

Pyotts master brand was valued at R289 million and contributed 18.0% to total Biscuit value (ACNielsen's Jun/Jul 2006). The master brand grew at 7.8% and 6.8% versus previous year in volume and value respectively.



Source: NBL internal Sales

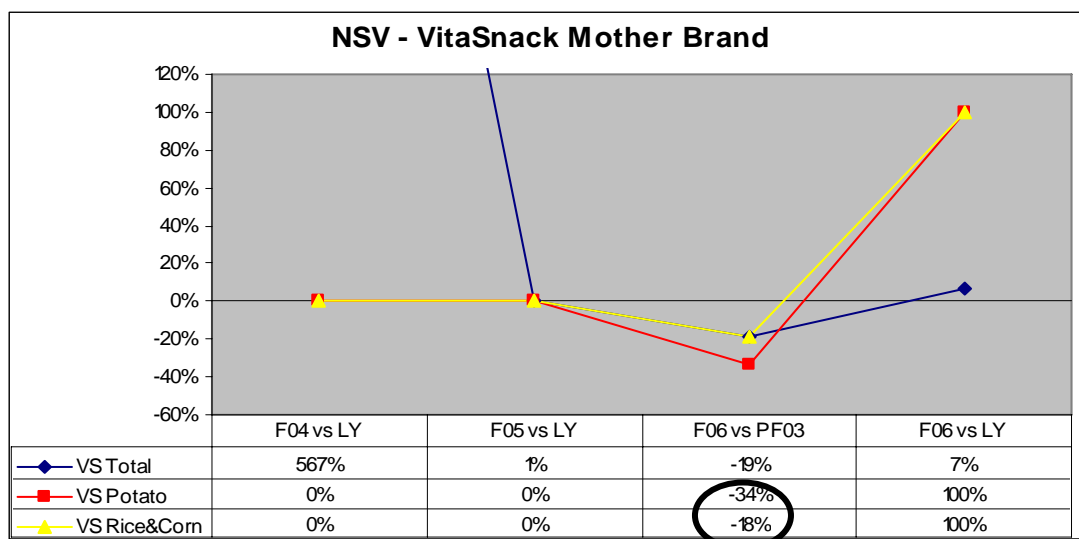
Figure 5.3: Provita NSV Performance

Figure 7 above is a turn of Provita motherbrand and its participating brand extension. This trend mirrored both volume and profit trends.

Provita’s turnover performance showed a positive trend in the 3 fiscal years to 2006, and it contributed over a quarter of Pyotts’s sales value in fiscal 2006 (NBL internal sales data). Provita (with 15% turnover growth) was clearly a key driver of Pyotts’s growth.

Provita Bites was launched in fiscal 2005 and contributed 9% to total Provita turnover in fiscal 2006 (NBL internal sales data). Even though the extension did not meet internal forecast, its fiscal 2006 growth on previous year was very high. The Brand Manager concerned indicated that the forecast was inaccurate and was thus not a reliable benchmark. Provita Bites pioneered the smaller mini cracker category and was still the only player in this category at the time of writing this report.

5.2.4 Pyotts Vita Snack



Source: NBL internal Sales

Figure 5.4: Vita Snack NSV Performance

Figure 8 above is a turn-over chart for Vita Snack motherbrand and its participating brand extensions. The first two years' turnover performance was similar for volume and profit. However, fiscal 2006 volume and profit performance was negative at -10% and -1% respectively. Vita Snack contributed under 15% of Pyotts's turnover in fiscal 2006 (NBL internal sales data). Vita Snack was the only motherbrand that did not meet PF03 expectations. For an established brand with a sales history, this was concerning.

Vita Snack Potato crisp and Rice & Corn extensions were launched in fiscal 2006, and contributed 27% and 12% of Vita Snack's turnover (NBL internal sales data). The two extensions did not meet internal forecasts. Unlike with the other relevant participating extensions where the PF03 target was not considered an accurate benchmark, in Vita Snack extensions' case the negative performance against their respective forecasts was viewed as disappointing.

Vita Snack Potato had 1.6% value share of the Savoury Biscuit market (ACNielsen's Aug/Sep 2006). Vita Snack Rice & Corn's market share could not be determined at the time of writing this report.

5.2.5 Summary performance of the participating brands and their extensions

Sales analysis of the participating motherbrands indicated that all of them were performing well compared to previous year for the 3 years under review. However, Vita Snack declined in fiscal 2006 compared to PF03 and this was concerning.



Table 5.1: Extension Performance Summary

Extension	Launch Year	Sales performance benchmark	Growth trend vs benchmark	Contr. to mother brand	Brand Manager Rating	Comment
Five Roses Speciality Teas	2006	PF03 of 2006	Slightly Negative	4%	Shows potential	It is still early days for a conclusive verdict
Five Roses Ice Tea	2006	PF03 of 2006	Negative	2%	Shows potential	It is still early days for a conclusive verdict
Freshpak Speciality Teas	2004	Previous Year	Positive	8%	Highly Successful	Strong, solid performance
Freshpak Ice Tea	2006	PF03 of 2006	Negative	2%	Shows potential	It still early days for a conclusive verdict
Provita Bites	2005	PF03 of 2006 and Previous Year	Negative vs PF03, but positive vs Previous Year	9%	Successful	PF03 too high and not an accurate measure of performance
Vita Snack Potato crisp	2006	PF03 of 2006	Negative	27%	Un-successful	Not promising performance, in spite of short duration in the market
Vita Snack Rice&Corn	2006	PF03 of 2006	Negative	12%	Un-successful	

5 of the participating extensions were launched in 2006. Due to lack of sales history, the performance benchmark 6 of the extensions was the PF03. The accuracy of this measure was questioned in the case of 4 of the extensions for the very reason that they did not have the sales history, which forms a key basis for future projections.

The next step in the analysis was to look at Brand Manager responses to the questions in Appendix F, relating to factors of successful brand extensions, and

corroborate them with data on the influence of the participating extensions as detailed in Table 2 above.

5.3 Proposition 1

The more intense the competition, the greater the negative influence on an extension's success.

Statement 10: Of the 7 participating brand extensions, 5 were in product classes where competition was rated high. Five Roses Speciality Tea was facing moderate to high competition. Provita Bites was not facing any competition as it was the pioneer and only player in the mini cracker category.

Size of retail shelf space allocated to brands in the affected categories in Appendix A confirms the Brand Managers' responses. Given the value sizes of the categories of the participating extensions, the number of brands on shelf is very high.

The number of Speciality Tea and Cracker brands was particularly high, and it was anticipated to will grow in the former category. ACNielsen's Retail Index recorded listings of 5 new Ice Tea entrants (including Five Roses and Freshpak) and 4 new line extensions (all under Lipton Ice Tea) in fiscal 2006. All the listings were recorded between October 2005 and March 2006. Given the robust growths in the Ice Tea market in 2006, it was expected that the flood of new players was going to continue in the short to medium term despite the limited shelf space in this category particularly.

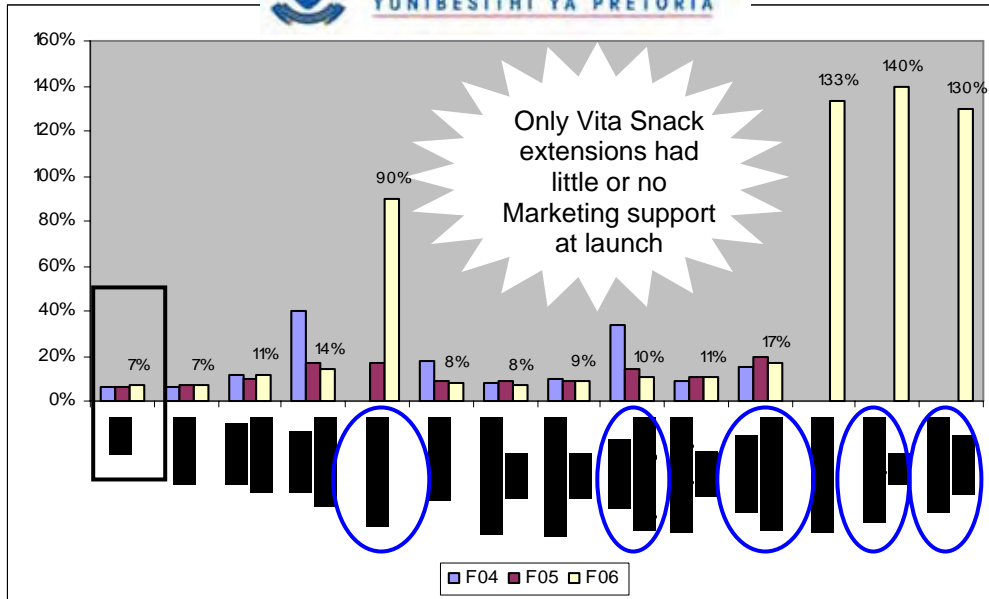
The high levels of competition in the potato crisp market were explained directly. As the Brand Manager concerned explained, Simba was fiercely protecting its strong market share in this product class. Doritos was also actively competing with the mother brand, with the example of Doritos Fusion that was recently launched and took the parent brand head on with a similar product format.

5.4 Proposition 2

The higher the extension-specific advertising expenditure, the more positive the influence on the extension's success

NBL's turnover grew at an average 6% in 2005 and 2006 (NBL internal sales data). The company's proportion of Marketing support (7%) to annual revenue was maintained in all the 3 years to 2006, as shown in Figure 5.5 below. This meant that Marketing support increased in absolute value in line with revenue growth over the 3 years under review.

Statements 13-14: There was specific Marketing support for five of the participating extensions (Figure 5.5). Proportion of specific Marketing support to turnover was higher for the relevant extensions compared to their motherbrands. Vita Snack extensions did not have specific advertising, and the Brand Manager concerned indicated that there was very limited advertising support for the brand as a whole in fiscal 2006, compared to the previous year.



Source: NBL Internal Sales

Figure 5.5: Proportion of Marketing Support to Turnover

Statement 15: Speciality Tea extensions spent less on advertising than close competitors. This was confirmed by Advertising Share-of-Voice (SOV) data in Figure 5.6 below. Vital, the fourth largest brand with 11.4% value share (ACNielsen's Aug/Sep 2006), outspent all the other brands (including Five Roses and Freshpak Speciality Teas) for two fiscal years to 2006.

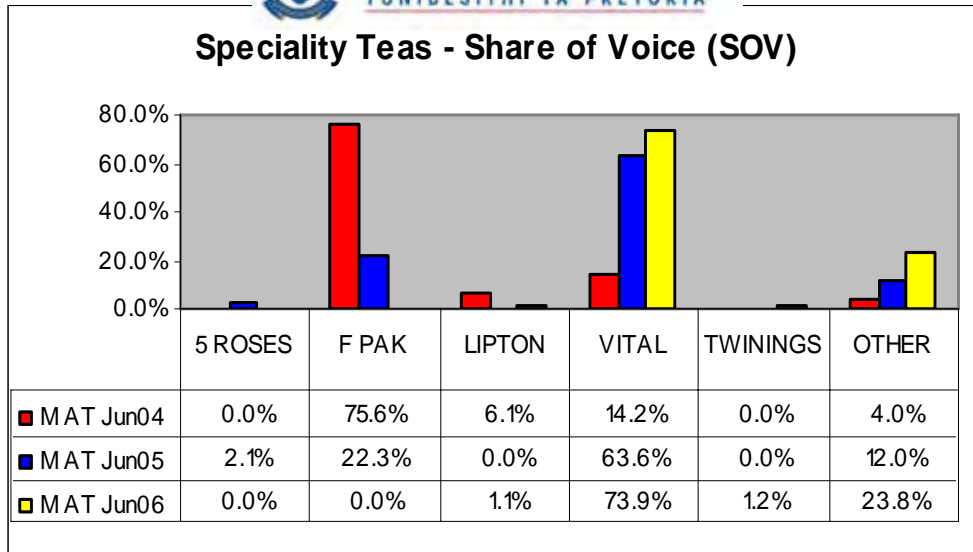


Figure 5.6: Extension SOV – Speciality Tea

In the Ice Tea category, Five Roses Ice Tea Brand Manager response was not confirmed by SOV data in Figure 5.7, which showed that this extension was marginally the biggest spender on advertising in fiscal 2006. Freshpak Ice Tea advertising was the third highest in the category.

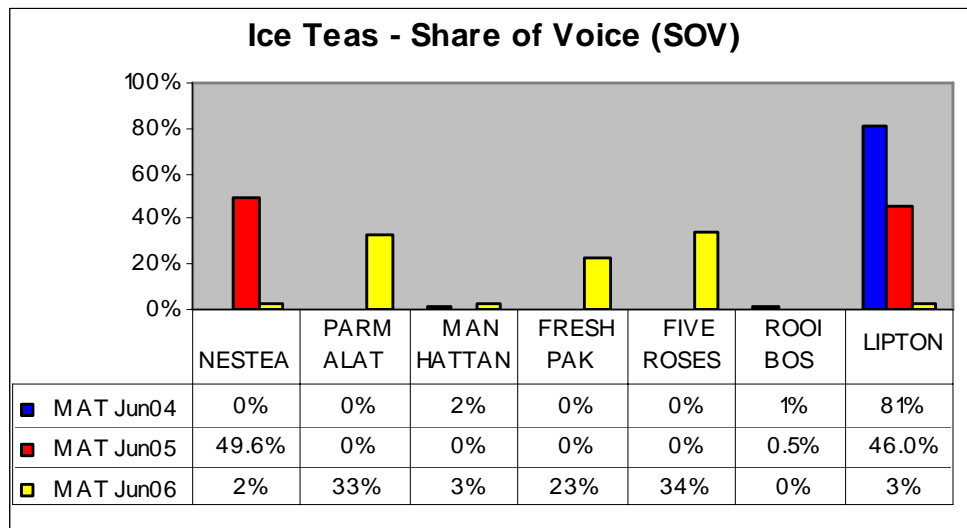


Figure 5.7: Extension SOV –Ice Tea

Statement 15 is not applicable (Pro Vita Bites does not have a closest competitor) and Vita Snack extensions (no extension-specific advertising). However, given that there was specific advertising in Pro Vita Bites's case, analysis was done within a bigger Savoury Biscuit category (Figure 5.8), and it was clear that this extension more than doubled contribution of advertising spend over two years to fiscal 2006. Vita Snack motherbrand's advertising was drastically reduced over the last two years under review.

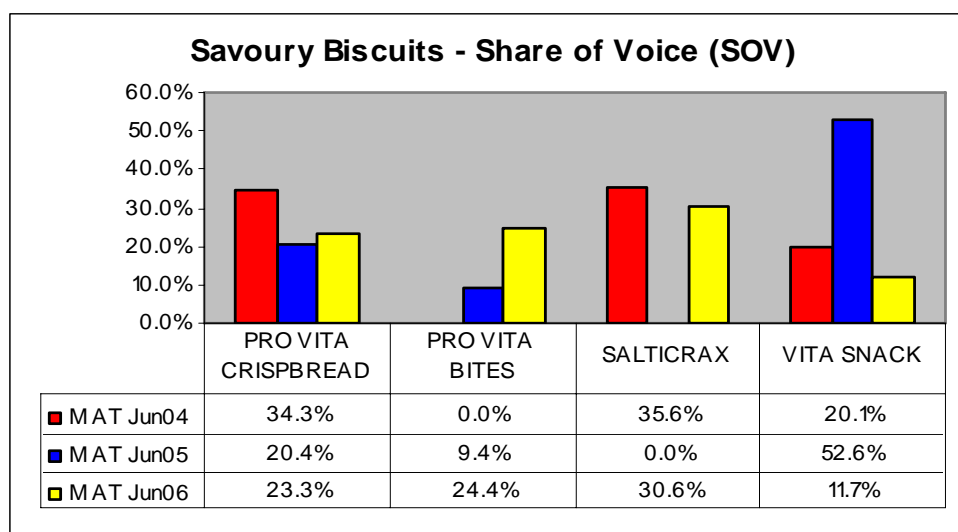
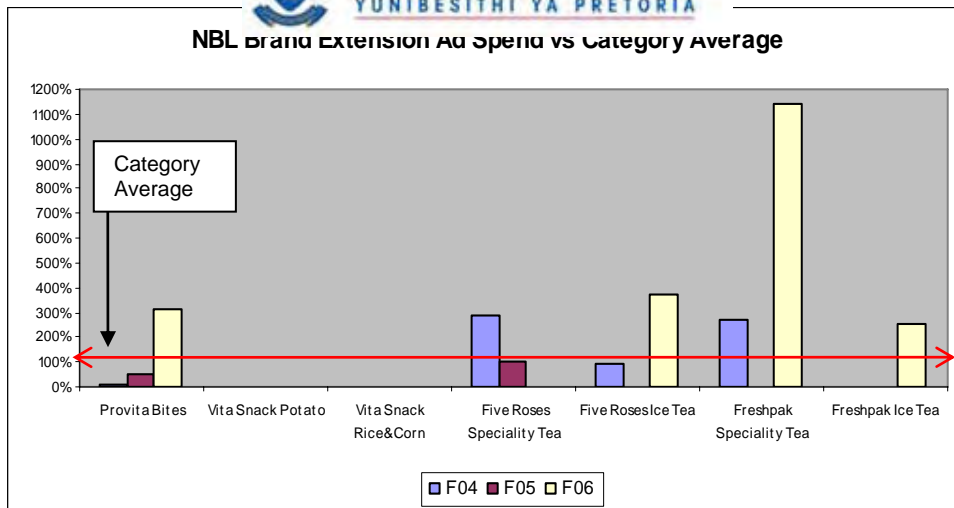


Figure 5.8: Extension SOV – Pro Vita & Vita Snack

Source: Telmar SA

Statement 16: Brand Manager responses relating to all Tea extensions' advertising spend in fiscal 2006 were not supported by the SOV data results (Figure 5.9), save for Five Roses Speciality Tea. The SOV data results indicated that 3 of the four Tea extensions spent more on advertising than relevant category averages in the year above. Pro Vita Bites advertising spent was more than the bigger Savoury Biscuit category. This statement was not applicable to Vita Snack extensions.



Source: Telmar SA

Figure 5.9: NBL Extension Ad Spend vs Category Average

Statement 17: On average NBL Ice Tea extensions spent more than 60% of their Marketing support on advertising, and the rest was spent on BTL. Provita Bites’s Marketing budget was spent on Through-The-Line (TTL) activities that encompassed both ATL and BTL in equivalent proportions. Five Roses Speciality Tea had just completed its communication campaign plan that was ready for implementation at the time of writing this report, and the focus was mainly on advertising. Freshpak Speciality Tea’s Marketing support was also mainly aimed at advertising. Overall, spending of extension-specific Marketing support towards mainly advertising was expected as most of the participating extensions were in the early launch stages at the time of writing this report and were thus focusing on gaining awareness in the market.

Statements 18-19: Total Marketing support funds of competitor brands in general could not be found, and this was because BTL figures are not easily available and/or

hard to track. Lipton Ice Tea spent over R10 million in fiscal 2006. Both NBL Ice Tea extensions spent less than half of that amount each.

Ice Teas and Provita Bites spent significantly more than the closest competitors and/or category averages. All Brand Managers agreed that specific Marketing support was key to the success of the participating extensions, but there was no unanimity on whether the support should be spent on advertising only.

5.5 Proposition 3

The closer the fit between the extension and the motherbrand, the more positive the influence on the extension's success.

Statements 8-9: Speciality Teas and Provita Bites had a very close fit with parent brands. Ice Teas were fairly close and Vita Snack extensions were felt to be least close to their parent brand.

All Brand Managers agreed that the fit between parent brands and extensions was key to the latter's success.

5.6 Proposition 4

The later an extension's market entry, the more negative the influence on its success.

Statements 11-12: Brand extensions were in the Top 5 launches, 3 were in Top 3 and 1 was in Top 4. The following extensions were pioneers in the narrowly defined categories:

- Provita Bites in the **mini-cracker** category, and was still the only player in this narrowly defined category at the time of writing this report
- The Vita Snack Potato crisp in the **less fat potato crisp** category as well

Of the two pioneer extensions above, only Provita Bites showed positive performance.

Vita Snack Rice & Corn and all the Tea extensions were late entrants in their respective categories. Rice & Corn extension was not deemed to be showing future growth prospects, while all Tea extensions were either performing well or showed potential for future growth.

There was preference for early market entry, but Brand Managers were not all in agreement regarding the level of importance of this factor. Only 1 Brand Manager regarded the factor as key and gave it a high ranking that skewed its importance as shown by the factor ranking results in Table 6.1 in the next chapter.

Based on sales and market performance of the participating extensions, it did not appear that first-mover advantage was the most important factor. If this was the case, Vita Snack Potato crisp would have been successful. But as it was shown in this Chapter, this was not the case.

5.7 Proposition 5

Extensions of a strong parent brand introduced late are more successful than line extensions of a weak parent brand introduced early.

Statement 5: Results of Sales and market share analysis indicated that the two Tea and Provita parent brands grew in line or ahead of their respective categories. Vita Snack motherbrand did not perform against internal sales expectations in 2006, and it lost 3.7% value share versus the previous period.

Table 5.2 below depicted the strength of parent brands compared to their closest competitors, measured in terms of value market share performance. From this table it was clear that 3 of the 4 participating brands are strong in the market, while Vita Snack was a distant second to its closest competitor and market leader.

Table 5.2: Sales and Value Market Share Performance of Participating Parent Brands in Fiscal 2006

Parent brand	Category	Internal Sales value growth vs LY	Value market share	Parent brand Market Ranking	Name of closest competitor and share
Five Roses	Black Tea	4%	32.0	Strong number 2	Joko, 35.7
Freshpak	Rooibos	16%	41.3	Strong number 1	11 O'Clock, 9.0
Provita Crispbread	Carrier Savouries	15%	49.5	Strong number 1	Pyotts Cream Crackers, 22.2
Vita Snack Wholewheat	Cracker Snack Savouries	7%	29.7	Moderately strong number 2	Pyotts Mini Cheddars, 43.9

Source: ACNielsen's Feb/Mar, Jun/Jul & AS 2006

Statement 6: Five Roses, Freshpak and Provita motherbrands performed well compared to their close competitors on brand equity measures in Table 5.3.

Measures for the Vita S and is losing equity. Of most concern were low Spontaneous Awareness and the particularly low conversion of consumers from Retention to Loyalty.

Table 5.3: Brand Awareness and Loyalty Measurement

Parent name	Enticement (Ever Tried/Total Awareness)	Recall/Enticement (Spontaneous Awareness/ Ever tried)	Retention (Occ Reg Use/Ever tried)	Loyalty (Most Often/ Reg)
Five Roses	95	68	69	48
Joko	89	64	62	60
Freshpak	76	40	67	44
Eleven O'Clock	61	28	52	17
Provita	81	19	78	11
Cream Crackers	80	14	76	2
Vita Snack Wholewheat	57	10	74	2
Mini Cheddars	86	17	82	1
Simba	100	58	96	7

Source: Research International Macrotracker Sep 2005

Performance of parent brands and associated extensions made a strong case for this factor. There was similarity between strong brand health and sales performance of Freshpak and Provita, the best performing participating parent brands, and Freshpak Speciality Tea and Provita Bites sales and market performance respectively. Frisco parent brand's positive sales and brand health performance was also similar to its Speciality Tea and Ice Tea extensions' market share performance. Conversely, Vita Snack motherbrand equity was showing signs of weakening and its sales performance did not meet NBL sales expectations. In line with motherbrand declining performance, its two extensions were also not doing well against sales and/or market share performance.

5.8 Summary

Results of the Brand Manager responses and desk research analysis indicated the following relating to the factors of successful extensions incorporated in the propositions above:

- Competition, specific advertising, close fit with strong motherbrand and late entry associated with strong motherbrand; were key to the success of extensions. This confirms Nijssen's research results relating to the mentioned factors.
- Desk research results relating to the Importance of **early entry** were not conclusive. This factor also came last in Brand Managers' Top 5 rankings.

6.1 Overall sales and market performance of participating extensions and their motherbrands

The two key extension selection criteria – only **brand extensions** within a chosen **prescribed period** of the 3 years, 2003 to 2006 - resulted in selection of extensions the bulk of which were launched in 2006. This presented a challenge relating to measurement of the selected extensions' sales and brand health performance. The only sales measurement tool that could be used was PF03. However, this tool was found to be inaccurate for the extensions given the lack of sales history and thus poor future sales projection. 3 of the concerned Brand Managers overruled the PF03 measurement tool and gave reasons for this decision, captured in Chapter 5.

The PF03 sales measurement tool was more accurate in the case of motherbrands related to the selected extensions because they (motherbrands) had the sales histories. As indicated in Chapter 5, only Vita Snack did not meet the PF03 sales target. As it turned out, this negative performance was in line with the motherbrand's declining brand equity indicators – market share awareness and loyalty.

Brand health based on performance in the market could not be measured based on annualized periods. The best source of data was ACNielsen's. This report gave bi-monthly trends of market shares for most extensions that were launched in 2006.

6.2 Proposition 1

Brand Managers ranked *intense competition* as a key success factor in Table 6.1 below. Figure 2.3 in Chapter 2 indicated that this factor came up only in Brand Manager research (Nijssen 1997), but it did not come up as a success factor in consumer (Keller & Aaker 1992, Bottomley & Holden 2001) and retailer (Alpert *et. al* 1992) research findings. The finding supported one of the highlighted reasons for increased preference for extensions, in Chapter 1. The relevant reason was that

- there is growing competition and associated shorter product life cycle, with the result that it has become costly to launch brands with new names given the need for speedy sales and market performance

It was also found in this research that *intense competition* was viewed by Brand Managers to be more than about the fragmentation of a category, e.g. Speciality Teas, due to a large number of brands competing for consumers' share of mind and wallet and trade's share of shelf space. The Brand Managers indicated that intense competition can result also from a category that is dominated by one brand that is also actively protecting its market share. Lipton Ice Tea (59% of value share) was estimated to have spent R10 million in Marketing support in 2006. Simba's family of brands together spent over R55 million in advertising alone (Telmar's SA Jun 2006), and that was 86.1% contribution to total crisp and pop corn's SOV.

6.3 Proposition 2

Brand Managers ranked ***extension-specific Marketing support*** as a key success factor in Table 6.1 below. Consumers and traders did not see it as a success factor in their respective research studies (Figure 2.3).

The following additional insights came up in interviews with concerned Brand Managers:

- Having the Marketing support is one element of extension-specific Marketing support.
- The second key element is effective use of the Marketing support.

There was no clear agreement regarding whether advertising was the best launch option. 3 Brand Managers felt that there should be a greater focus on in-store activities, and especially sampling, when launching extensions. They argued that it is at the point of purchase where the greatest impact of Marketing support would be felt in the beginning, with the focus being shifted more towards advertising after the first year of launch, to ensure that there is broader awareness of the extensions.

6.4 Proposition 3

Brand Managers ranked ***close fit*** between parent brands and extensions as key to the latter's success in Table 6.1 below. Findings of consumer research by Aaker & Keller (1991) also indicated that this factor was considered a key for the success of extensions (Figure 2.3).

A further insight from the study is that extension success is realized more for motherbrands with stronger brand equity sales performance. The notable success of Freshpak Speciality Tea was ascribed to its close fit with the motherbrand's healthy tea positioning. Freshpak Brand Manager explained that Speciality Teas are perceived by consumers to be healthier than original Black Tea. This is because of the flavouring ingredients used that are fruity (Lemon/Berry) and herby (Mint), and which are associated with health attributes. Thus there is seamless association between this motherbrand's positioning and its Speciality Tea extension.

As indicated in Chapter 3 of this report, ACNielsen's 2005 Brand Extension study found that 7 out of 10 shoppers plan their purchases before they get to a retail store. Thus they are most likely going to buy an extension that they see for the first time on shelf if it is closely associated with the parent brand in terms of physical features (Aaker & Keller 1991). In addition, Brand Managers felt that the **close fit** was more than just the physical features (definition of **Fit** by Aaker and Keller, 1991 in Chapter 3 of this report). In the case of Vita Snack extensions, failure was ascribed to misaligned strategic fit with the motherbrand.

6.5 Proposition 4

A **first-mover advantage** was not a top-rated factor for most Brand Managers, and it was also not strongly supported by desk research results as discussed in Chapter 5. Figure 2.3 indicates that traders prefer category pioneers. The perception is that extensions that create new categories tend to satisfy a new consumer need. Given shelf space constraints and small trade margins, later entrants find it hard to get

listings as they are view ngs indicated that Brand Managers expressed preference for launching extensions that are in the top 3-5 order.

Provita and Vita Snack Brand Managers indicated that the first-mover advantage comes with the burden of being a guinea pig, together with the responsibility to establish a new category and educate consumers. This in some cases results in doing the job for later entrance by competing brands when the ground work has been done and success lessons have been learnt.

6.6 Proposition 5

Results of Brand Manager responses and desk research analysis confirmed that extensions entering the market are successful if linked to **strong mother brands**.

All participating extensions of motherbrands with clearly demonstrated strength in sales performance and brand equity were either doing well, or showing the potential future growth. The point was emphasized with declining equity of Vita Snack. The participating extensions associated with this brand were also struggling both in terms of internal sales and market performance.

Consumers, traders and Brand Managers all agree that strong motherbrands can stretch easily (Figure 2.3). As mentioned by Aaker and Keller (1991), strong brand provide opportunities for companies to leverage them through extensions, and thereby ever-increasing costs of launching new brands are avoided.

6.7 Summary on Propositions

Results of the analysis of Brand Manager responses and desk research strongly confirmed 4 of the factors found in the research propositions as being key for the success of extensions. Results relating to the 5th factor – ***the later an extension's market entry the more negative the influence on its success*** – were not conclusive, as shown in the previous Chapter. The key finding here was that being first in the market on its own does not ensure success of extensions. It appeared as though this factor could perform better only if it was read in conjunction with one or more of the 4 factors above. Given the nature of this report's research methodology, a statistical correlation could not be performed to establish the various relationships and their relative strengths.

6.8 Factor rankings

After filling in a questionnaire (Appendices E and F) and going through in-depth interviews, participating Brand Managers were asked to state and rank factors that they considered most important for the success of the participating extensions, based on the 2 exercises above. They were allowed to include in their choice factors that were not part of the questionnaire if they felt strong about them. Appendix G is an analysis and results of the stated factors and their rankings.

The two key components of each factor were “Number of extensions that deemed a factor important” and “the average weighted ranking per factor”. Weightings were then given to these two components. “Number of extensions” was considered as

relatively more important factor as it indicated how widely important a factor was across the participating extensions. The author then selected the top 5 factors as shown in Table 6.1 below.

Table 6.1: Most Important Factor Rankings

Highlighted factors	No. of extensions that deemed a factor important	Average weighted ranking	Add No. of Responses*(0.6) + Ave. Ranking*(0.4)	Factors in the Propositions
Close fit with a strong mother brand	4	28.8	13.9	Yes
Appropriate variant & SKU range	4	27.5	13.4	No
Specific marketing budget	6	24.2	13.3	Yes
Competition	5	25.0	13.0	Yes
Category pioneer	1	30.0	12.6	Yes

Results of the factor ranking exercise were as follows:

- A weighted combination of the 2 factor components discussed above resulted in the order as shown in Table 6.1.
- There was no single factor that was considered important by all the 7 participating extensions.
- **Specific Marketing budget** had the largest number of extensions (6) considering it as important, but it the lowest average weighted ranking (24.2). Conversely, **category pioneer** was mentioned by only 1 extension (Provita Bites) but the highest average weighted ranking (30.0).
- 4 of the top 5 factors stated by the Brand Managers were part of the propositions in this report.
- **Appropriate variant & SKU range** factor did not form part of the propositions in this report.

Outcomes of this factor ranking exercise indicated that factors of successful extensions have relative importance and thus should be considered as such by the Brand Managers in cases where they (factors) cannot all be incorporated when extensions are launched, resulting in choices that need to be made. This was a key insight of this exercise. The order of the factors coming out of this exercise confirmed the relative importance of the 4 factors that formed part of the propositions in this report.

The ***category pioneer*** factor, which relates to the extension's order of entry into the market, was an outlier in statistical terms.. This factor was considered important by only Provita Bites, and it was also given the single highest ranking of 30 that propelled it into the Top 5 rankings.

The success factor missing from the top five in Table 6.1 above was ***the late entry of extension that is related to a strong motherbrand***. This was also an anomaly given that results based on analysis of all the sources of data confirmed the importance of this factor ahead of the ***category pioneer*** factor, and thus the author expected to see it being part of the Top 5.

The ***appropriate SKU & variant mix*** factor was deemed important by 4 of the 7 participating extensions. What also caught the author's attention about this factor was that it got the second highest weighted ranking after ***close fit***. The author wondered if this factor did not come through in any of the previous 3 research reports

referred to in Chapter 3 b sions. This factor had a particular leaning towards brand extensions, and came up strongly in the case of Ice Tea extensions. As the concerned Brand Manager explained, both Five Roses and Freshpak underperformed partly because they were launched into the market with only 340 ml cans that contributed under 50% of market volumes (ACNielsen's Feb/Mar 2006). While this pack size was the largest contributor, it showed a declining share trend in favour of bigger size packs. It was felt that the NBL Ice Teas' SKU range stunted the potential growth given the trend above.

6.9 Summary of factor rankings

The factor ranking exercise confirmed results of 3 of the factors based on findings of secondary data and questionnaire response (Appendix F) analysis.

Factor ranking results of the remaining 2 factors that were incorporated in the research propositions were different to the results that were presented in Chapter 5 of this report. The ranking results for 1 of the factors were anomalous because it was deemed an outlier. The other factor did not make it into the top 5 ranking, and this anomaly could not be explained. This but could be explained, while the ranking results of the other factor could not be explained.

A new factor that did not form part of the research propositions came through in the Top 5 ranking results, and this was a strong showing. The author was of the opinion that this factor was not picked up by the previous research reports that formed the



basis of this case study b ner were line extensions,
while in the case of the latter the units of analysis were brand extensions.

This research was conducted to identify key factors that drive the success of extensions in a FMCG company. The research took the form of a single case study, and 7 extensions from National Brands Ltd were used as units of analysis.

Analysis was based on 5 factors of successful extensions that came from previous research reports by Aaker & Keller (1991), Alpert *et. al* (1992) and Nijssen (1997). The 5 factors were intense competition, extension-specific advertising, close fit between extension and motherbrand, order of entry of extensions, and late entry of extensions associated with strong motherbrands.

This research provided a broad framework that National Brands Ltd Brand Managers can use for launching successful brand extensions.

7.1 Factors of successful brand extensions

It was found that there was a relationship between 4 of the success factors in the research propositions and the performance of the participating extensions. The findings relating the 5th factor - order of entry of extensions - were not conclusive.

The research also found that the identified success factors had varying levels of impact on the success of the extensions. Based on the results of quantitative factor ranking exercise done by the limited sample of 5 Brand Managers who participated in this research, a close fit with a strong motherbrand is the most important factor that

has a positive influence. This was confirmed to a large extent by results of the secondary data analysis, and an appropriate example was the strength of Freshpak motherbrand and the associated robust performance of Freshpak Speciality Tea. Several academic writings also consider this factor as key for successfully leveraging of healthy brands through extensions.

There was a factor- appropriate SKU and variant range - that received the second highest ranking by the Brand Managers, and it was associated with 4 of the 7 participating extensions. However, this factor was not incorporated in the research propositions. This could indicate that there are success factors that relate only to brand extensions.

7.2 Recommendations

7.2.1 Measurement of brand extension performance

There is a need to increase effort in ensuring better sales forecasts in the first two years of launching extensions. This was considered key as the forecasts were used as performance measurement tools for the extensions given the lack of sales histories during the period above. If this cannot be done, different measures of the affected extensions need to be developed.

7.2.2 Opportunities for future research

The subject of extensions will increasingly receive attention as more and more companies opt to use existing brands to launch into current and new product categories. Thus there is a need for continued academic research on this subject.

The following areas need to be considered for original or further research work:

- *Quantification of order of importance of validated factors* – It will not always be possible for Brand Managers to apply all the validated factors for successful brand extensions. Thus there is a need to improve understanding of their order of importance.
- *Enhanced understanding of the importance of early entry of extensions* -. Further research needs to look more closely at this factor on its own and in combination with the other validated factors. The other possible area of research on this factor is linked to how far down the line is extension entry still potentially successful below the number one spot.
- *Differences between success factors of brand extensions and line extensions* - The findings of this research indicate broadly that the factors which formed part of the propositions can be applied equally to both brand extensions and line extensions. However, given that appropriate SKU and variant range came up specifically as a factor for successful brand extensions, there is a need to do further research work that can be subjected to sound statistical analysis to help understand if there are success factors that are unique to brand extensions.

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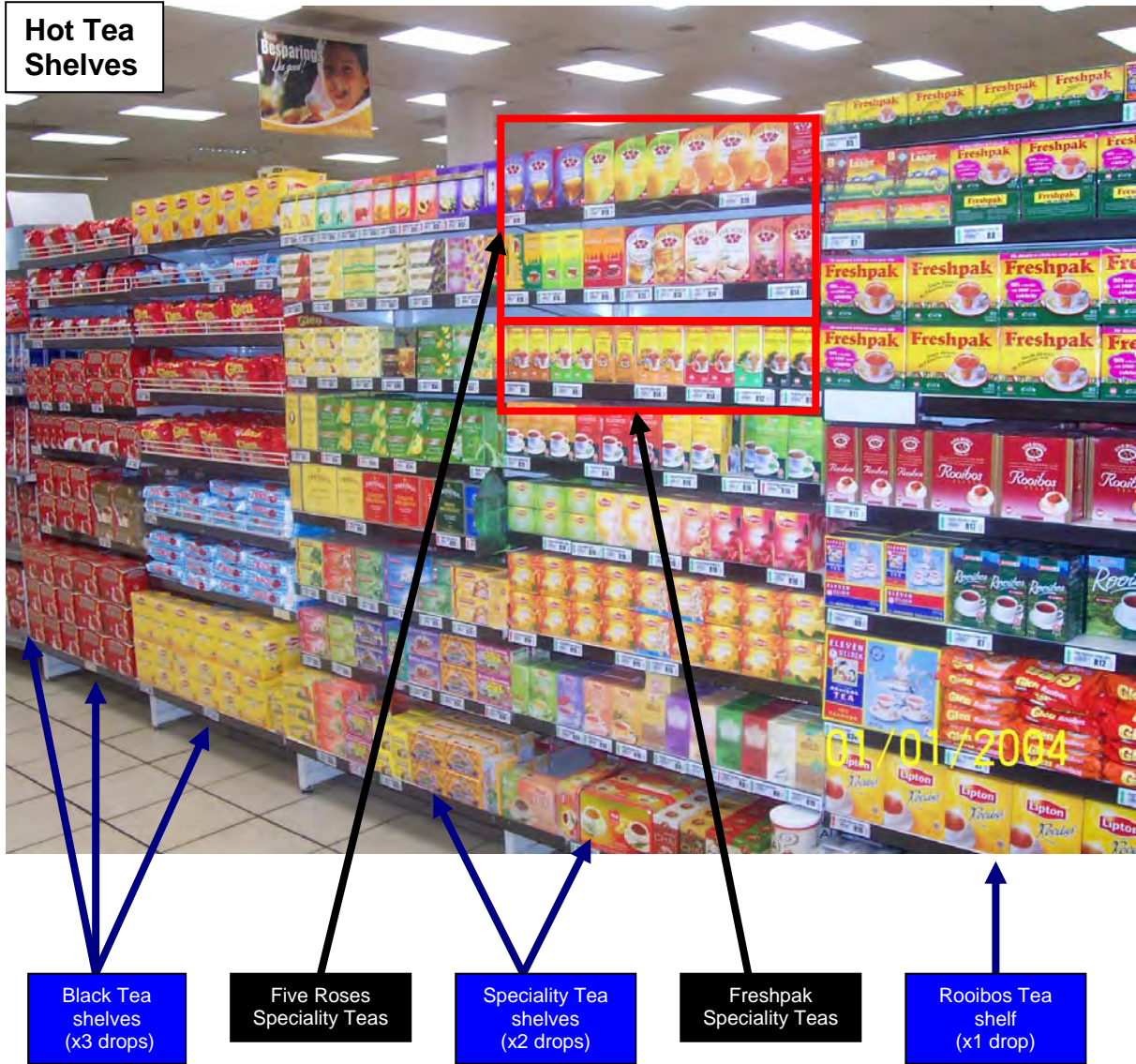
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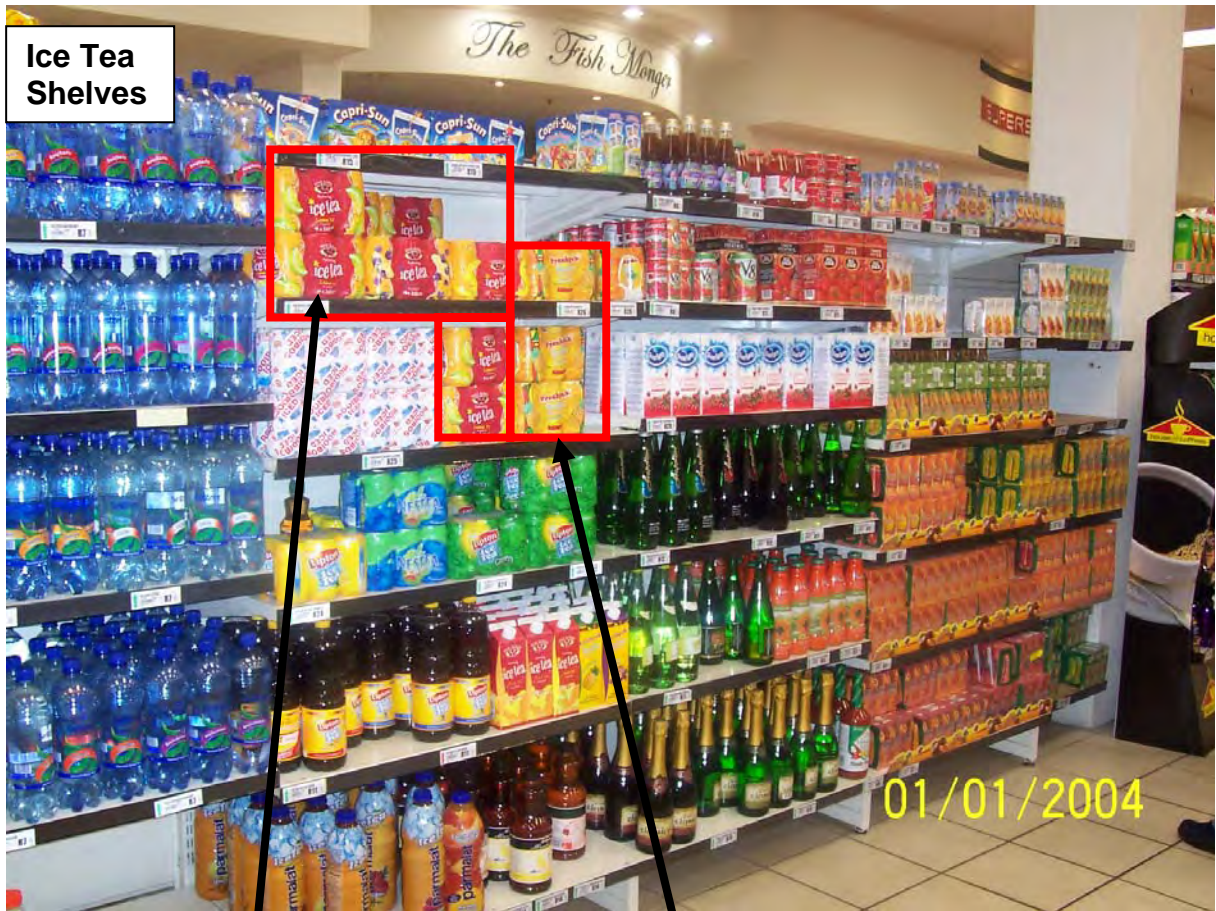
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Broadacres, Fourways





Ice Tea Shelves



01/01/2004

Five Roses

Ice Tea shelf
(x1 drop)

Freshpak



**Savoury Biscuit
Shelves (1)**



Vita Snack Rice
& Corn

Vita Snack
wholewheat
(core)

Cracker
shelves
(x5 drops)



Savoury Biscuit
Shelves (2)



Provita Bites

Provita
Crispbread
(core)

Table 1. Selected studies in the brand extension literature

Study	Purpose	Stimuli	Design	Subjects	Findings
Boush, et al. (1987)	The importance of similarity and brand reputation	Durable goods: Fictitious calculator brand (Tarco)	Lab exp.	104 students	Similarity: + Reputation: +
Aaker and Keller (1990)	The importance of similarity and quality	FMCG: Beer, Shampoo, Sunglasses, Ice Cream, Toothpaste, fast food restaurant (services)	Lab exp.	107 and 121 students	Similarity: + (Quality * Similarity): +
Park, Milberg, and Lawson (1991)	Similarity and brand concepts	Durable goods: Wristwatches	Lab exp.	195 students	Similarity: + Extend concept consistent: +
Boush and Loken (1991)	How important is similarity (typicality)?	Durable goods: Fictitious grocery and electronic brands (B/G)	Lab exp.	144 students	Similarity (typicality): +
Keller and Aaker (1992)	Sequential introduction of brand extensions	FMCG: Two fictitious potato chips brands (Crane's / Medallion)	Lab exp.	430 university employees	Quality: + Extend with consistent quality: +
Smith and Park (1992)	Brand extension vs. individual brands on market share	79 brands ("consumer goods")	Survey	188 business people and 1383 consumers	Brand strength (Reputation): + Similarity: 0 Knowledge: -
Loken and John (1993)	Brand extensions and dilution effects	FMCG: Fictitious brand (A) (gentleness and quality)	Lab exp.	196 consumers (women, age 19-49)	Dilution effects occur but depends on similarity
Boush (1993)	How slogans can prime extensions	FMCG: Fictitious soup brand (Bella)	Lab exp.	174 students	When the slogan primes similarity: +
Broniarczyk and Alba (1994)	Explore the importance of brand-specific associations	FMCG: Toothpaste, Cereal, Soap, Beer Durable goods: Computers	Lab exp.	76, 159 and 45 students	Brand-specific associations moderate similarity and brand reputation
Dacin and Smith (1994)	The effect of brand portfolio on extension evaluation	Durable goods: Fictitious portfolio brand (Jasil)	Lab exp. + Survey	180, 80 and 98 students	Number of products affiliated with a brand: + No support in the Survey
Gürhan-Canli and Maheswaran (1998)	The effects of extensions on brand name dilution	Durable goods: Sony and Sanyo	Lab exp.	347 students	Motivation and similarity influence the brand name dilution
John, Loken, and Joiner (1998)	The negative impact of extensions on flagship products	FMCG: Johnson & Johnson	Lab exp.	192, 139 and 124 consumers (women, age 18-49)	Flagship products are resistant to dilution (strong associations)
Morrin (1999)	The impact of brand extensions on parent brand memory structures	FMCG: Lotion, pain reliever, deodorizing cleaner, hot cocoa mix	Lab exp.	29, 39 and 36 students	The impact of extensions moderates by parent brand dominance and similarity
Jun, et al. (1999)	Effects of technological hierarchy on brand extension evaluations	Durable goods: TV, HDTV, Word-processor, and Mainframes	Lab exp.	249 students	High technology of original brand: + Similarity: + The technology level is important: +

Table 1 continues:

Lane (2000)	The impact of ad repetition on brand extension evaluations	FMCG: Beer, Crest, Keebler and Michelin	Lab exp.	109 students	Repeated ad exposure influence evaluations of less similar extensions
Barone, et al. (2000)	The influence of positive mood on brand extension evaluation	Durable goods: Fictitious electronic brand (A)	Lab exp.	67 and 71 students	Positive mood enhances evaluations of moderate similar extensions
Sheinin (2000)	The effects of experience with extensions on the original brand	FMCG: Cola brands	Lab exp.	250 students	Experience with extensions influence the evaluation of the original brand
Ruyter and Wetzels (2000)	Corporate image and extensions of service brands	Services: Fictitious telecom brand	Lab exp.	299 consumers	Late mover image (vs. first mover): + Similarity: +
Ahluwalia and Gürhan-Canli (2000)	The effects of extensions on the original brand	Durable goods: Fictitious athletic shoes and electronic products	Lab exp.	68 and 113 students	Negative info about a similar extension led to dilution
Keller and Sood (2001/2)	Branding strategies and experience	FMCG: Cola and juice brands	Lab exp.	177 students	Dilution effects occur when high degree of similarity



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Specialists/Agencies

1. I would like to start by briefly telling you about my career background. I shall then introduce my research topic, explain the motivation for the choice and lastly discuss the research problem that I am hoping to resolve.
2. A recent ACNielsen's tracking study on FMCG new launches in the South African retail sector indicates more than 90% are brand and line extensions. Studies in USA and Europe indicate the same trend towards preference for extensions over new brands. What drives the increasing preference for brand extensions vs new brands in your view? Do you think it is working?
3. Quelch and Kenny (1990) in their article "Extend Profits, Not Product Lines", caution against proliferation of brand and line extensions. They argue that these are just as costly, that they do not result in expected overall brand growth and that retail shelf space is limited. Do you agree with this view? Please explain.
4. A book titled Brand Extensions by David Taylor indicates that preference for new launches in the form of extensions is going to continue at the same levels as the current launch rate, despite growing body of evidence indicating that as much as 1 in every 2 extensions launched in the last 3 years have failed. Any views why you think this trend is continuing unabated?
5. How does the strength of a motherbrand impact on brand extensions?
6. What do you believe is the formula for successful brand extensions? Do you think this formula holds regardless of the product class?
7. * ***You wrote in the Saturday Star, 29/04/06, that building Brand South Africa is not working as it should due to the confusion brought about by state agencies that are communicating no-coherent messages. The agencies you specifically referred to are IMC, PSA, DTI, SATOUR, Foreign Affairs, and the Presidents advisory body Brand South Africa. Please expand on this issue in the context of brand extensions.***

**** This related to Thebe Ikalafeng's interview, but it needs to be customised where applicable***

Five Roses – Key Success Factors of Speciality Teas

Factors	Comment	Weightings
Communication	Due to lack of communication, Five Roses consumers do not know of the brand's speciality teas. Joko's and Lipton's SOV's are higher.	50
Competition	Both Joko and Lipton are actively competing in the black tea and speciality tea markets respectively	30
Market dynamics	The speciality tea market is growing at double digits, and this has benefited all brands and extensions in this category	20
Total		100

Appendix E: Brand Manager Questionnaire

Please state the names of the mother brand and this extension _____

- | | | | | |
|---|---------------------------------------|------------------------|--------------------|-------|
| 1. Please indicate if this extension is targeting the same or different consumers vs. core product | Same consumers | Different consumers | | |
| 2. If this extension is targeting the same consumers as core product, please indicate if it is for the same or different consumption occasion | Same occasion | Different occasion | | |
| 3. Please indicate when this extension was launched in relation to 2006 | <1 yr | 1<3 yrs | >3 yrs | |
| 4. What was the reason for the launch of this extension? | Improve profitability of parent brand | Meet new consumer need | Combat Competition | Other |
| 5. What is the market share size of the parent brand, as measured by ACNielsen's MATJJ06 | <25% | 25%<50% | >50% | |
| 6. How healthy is the parent brand compared to its competitors? | Weaker | Same | Stronger | |
| a. Loyalty (as measured by Reg/MO in Macrotracker) | Weaker | Same | Stronger | |
| b. Affinity (as measured by "I Love This Brand" in Macrotracker) | | | | |
| 7. How does the marketing budget of the parent brand compare with its competitors, on average? | Less | The same | More | |
| 8. How close is this extension's attributes to parent brand's? | Very Close | Fairly close | Least close | |
| 9. On a scale of 1-10, with 1 being closest to and 10 farthest from motherbrand, where would this extension be? | | | | |
| 10. What is the extent of market competition where this extension was launched? | Low | Moderate | High | |
| 11. Was this extension the first in its market category? | Y | N | | |
| 12. If NO to 11. above, when was this extension launched in its market category in order of 2-10? | Top 3 | Top 5 | Top 10 | |
| 13. Was there advertising for the launch of this extension? | Y | N | | |

14. If YES to 13. above, was the brand extension launched with advertising specific to it?

Y	N
---	---

15. If YES to 13. above, was the advertising less/same/more than the closest competitor?

Less	Same	More
------	------	------

16. If YES to 13. above, was the advertising less/same/more than the average for the category?

Less	Same	More
------	------	------

17. If YES to 13. above, was there other marketing spend besides advertising?

Y	N
---	---

18. If YES to 17. above, was the other marketing spend less/same/more than closest competitor?

Less	Same	More
------	------	------

19. If YES to 17. above, was the other marketing spend less/same/more than the average for the category?

Less	Same	More
------	------	------

20. Has the extension performed according to expectations in terms of the following measures?

- a. Volume
- b. NSV
- c. OP
- d. Market share
- e. Other (please specify)
- e. Overall improvement to mother brand performance

Y	N
Y	N
Y	N
Y	N
Y	N
Y	N
Y	N

21. If YES to a. and d. in 20. above, did the brand extension achieve against these measures within the expected time frame?

Y	N
---	---

22. If YES to a. and d. in 20. above, did overall parent brand increase the same measures?

Y	N
---	---

Appendix F: Analysis of Brand Manager Responses

Question	Extensions						
	Five Roses Speciality Teas	Five Roses Ice Teas	Freshpak Speciality teas	Freshpak Ice Teas	Provita Bites	VitaSnack Baked Potato	VitaSnack Rice/Rice&Corn
1	Different consumer	Different consumer	Different consumer	Different consumer	Different consumer	Same consumers	Same consumers
2	Same occasion	Different occasion	N/A	Different occasion	Different occasion	Different occasion	Different occasion
3	<1	<1	1<3	<1	1<3	1<3	1<3
4	Meet new consumer need	Meet new consumer need	Meet New consumer need	Meet new consumer need	Meet new consumer need/ Combat competition	Meet new consumer need	Meet new consumer need
5	<25%	25%<50%	<25%	25%<50%	>50%	<25%	<25%
6.a	Stronger	Same	Stronger	Stronger	Stronger	Weaker	Weaker
6.b	Stronger	Same	Stronger	Stronger	Stronger	Weaker	Weaker
7	Less	Less	More	More	More	Less	Less
8	Very close	Fairly close	Very close	Fairly close	Very close	Least close	Least close
9	3	6	2	6	3	7	7
10	Moderate to high	High	High	High	Low	High	High
11	N	N	N	N	Y	Y	Y
12	Top 5	Top 5	Top 5	Top 3	Top 3	Top 3	Top 4
13	Y	Y	Y	Y	Y	N	N
14	Y	Y	Y	Y	Y	N/A	N/A
15	Less	Less	Same	More	N/A	N/A	N/A
16	Less	Less	Less	Less	N/A	N/A	N/A
17	N	Y	N	Y	Y	N/A	N/A
18	N/A	Less	N/A	More	N/A	N/A	N/A
19	N/A	Less	N/A	Less	N/A	N/A	N/A



20.a	N/A	N	Y	N	Y	N	N
20.b	N/A	N	Y	N	Y	N	N
20.c	N/A	N	Y	N	Y	N	N
20.d	N/A	N/A	Y	Y	Y	N	N
20.e	N/A	N/A	N/A	N/A	Y	N	N
20.f	N/A	N/A	Y	N/A	Y	N	N
21	N/A	N/A	Y	N/A	N	N/A	N/A
22	N/A	N/A	N	N/A	Y	N/A	N/A

Appendix G: Analysis of Brand Manager Most Important Factor Rankings

Most Important Factors	Extension Rankings							Factor Weightings		
	Five Roses Speciality Teas	Five Roses Ice Teas	Freshpak Speciality teas	Freshpak Ice Teas	Provita Bites	VitaSnack Baked Potato	Vita Snack Rice&Corn	No. of extensions that deemed a factor important	Average weighted ranking	Add No. of Responses* (0.6) + Ave. Ranking*(0.4)
Specific marketing budget	50	10		15	20	25	25	6	24.2	13.3
Strategic fit with a strong mother brand			70		25	10	10	4	28.8	13.9
Category pioneer					30			1	30	12.6
<i>Correctly identified target consumer profile</i>					25			1	25	10.6
Competition	30	30		25		20	20	5	25	13
<i>Overall market growth</i>	20		15					2	17.5	8.2
<i>Appropriate variant & SKU range</i>		35		25		25	25	4	27.5	13.4
Trade support						10	10	2	10	5.2
<i>Product delivery</i>						10	10	2	10	5.2
<i>Market insights</i>		10		15				2	12.5	6.2
<i>Effective RTM</i>		10		15				2	12.5	6.2
<i>Other, e.g. contract manufacturing</i>		5		5				2	5	3.2

<i>Extension affordability</i>			15					1	15	6.6
<i>Total</i>	100	100	100	100	100	100	100			

Colour Keys

Blue - Highest

Green - Second highest

Purple - Third highest

Black - Fourth highest

Red - Lowest

Appendix H: Tea Mother Brand Health Monitors

	Five Roses	Joko	Trinco	Glen	Freshpak	Eleven O'Clock
Enticement (Ever tried / Total awareness)	95%	89%	67%	89%	76%	61%
Recall/Excitement (Spontaneous awareness / Ever tried)	68%	64%	37%	53%	40%	28%
Retention (Occasional + Regular Usage / Ever Tried)	69%	62%	47%	66%	67%	52%
Loyalty (Most often / Regular)	48%	60%	60%	55%	44%	17%

Enticement/Recall/Retention: <50% / 51% - 65% / 65%+
Loyalty: 0-30% / 30% -50 % / 51 %+

Source: Research International Macrotracker Sep05

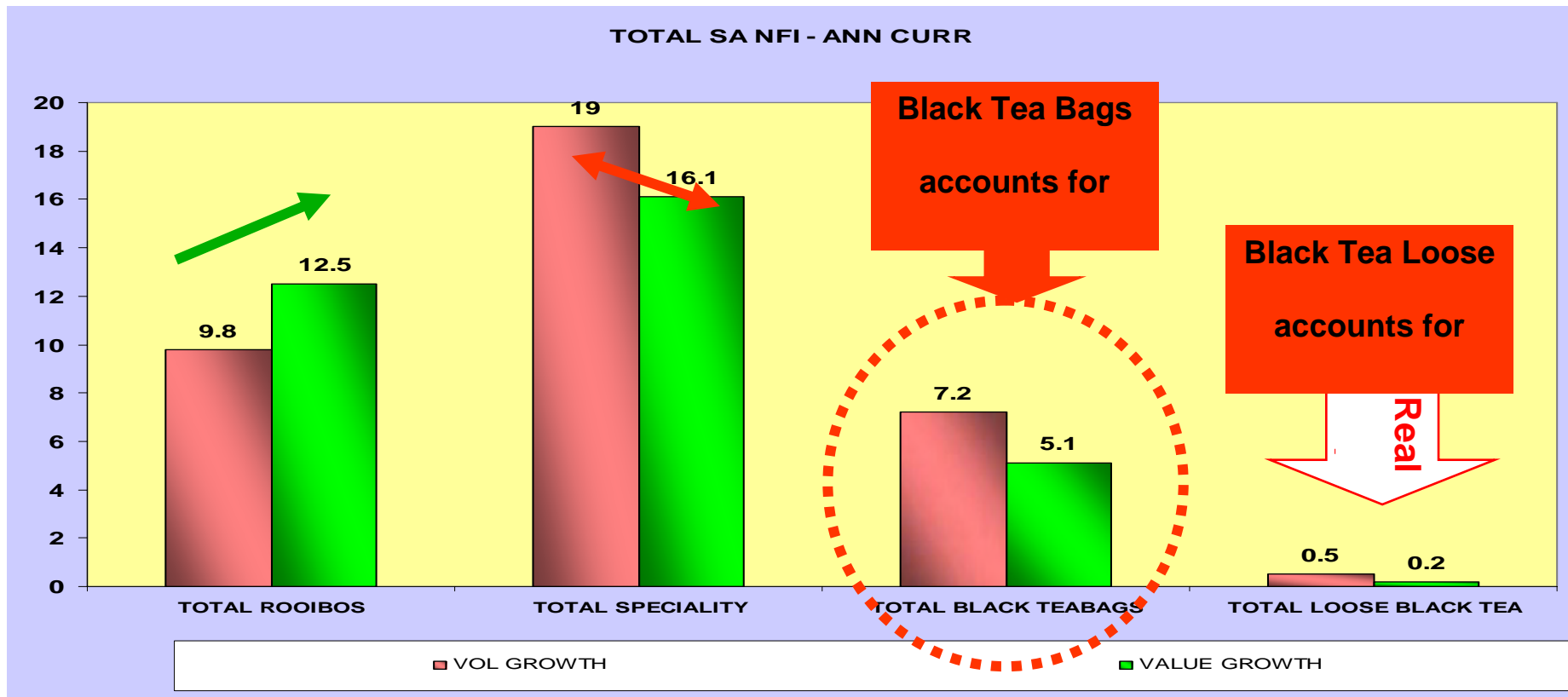
Appendix I: Savoury Mother Brand Health Monitors

	PYOTTS MASTER BRAND	PROVITA	VITASNACK	SIMBA	DORITOS
Enticement (Ever tried/Total awareness)	90%	81%	57%	100%	85%
Recall/Excitement (Spontaneous awareness / Ever tried)	38%	19%	10%	58%	25%
Retention (Occ+Reg Use/Ever Tried)	91%	78%	74%	96%	82%
Loyalty	8%	11%	2%	7%	8%

Enticement/Retention: <50% / 51% - 75% / 75%+ ; Recall: 0-5% / 5-20% / >20%+; Loyalty: 0-10% / 10-50% / 50%+

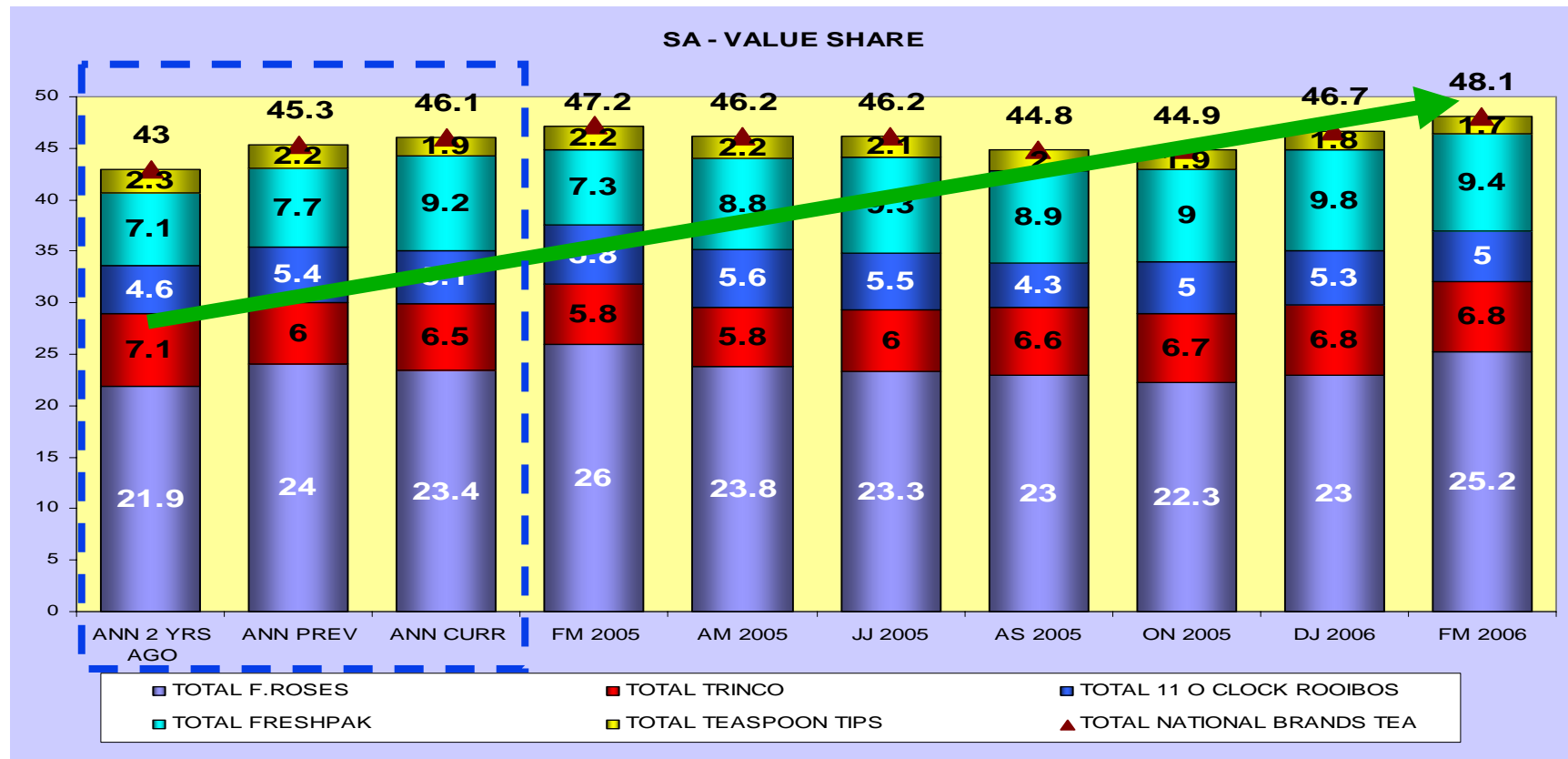
Source: Research International Macrotracker Sep05

Appendix J: Total Hot Tea Growths



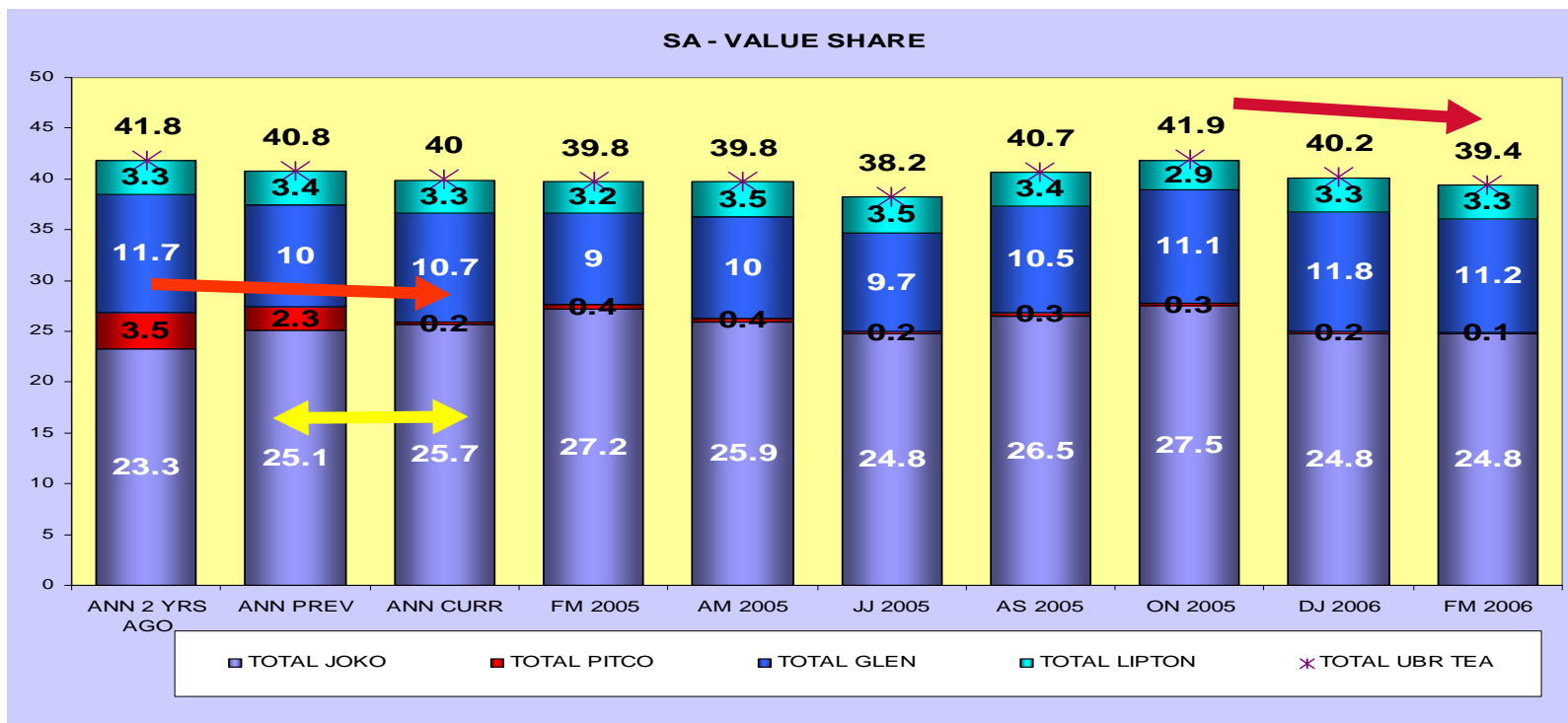
Source: ACNielsen's Feb/Mar06

Appendix K: Hot Tea Market Shares - NBL



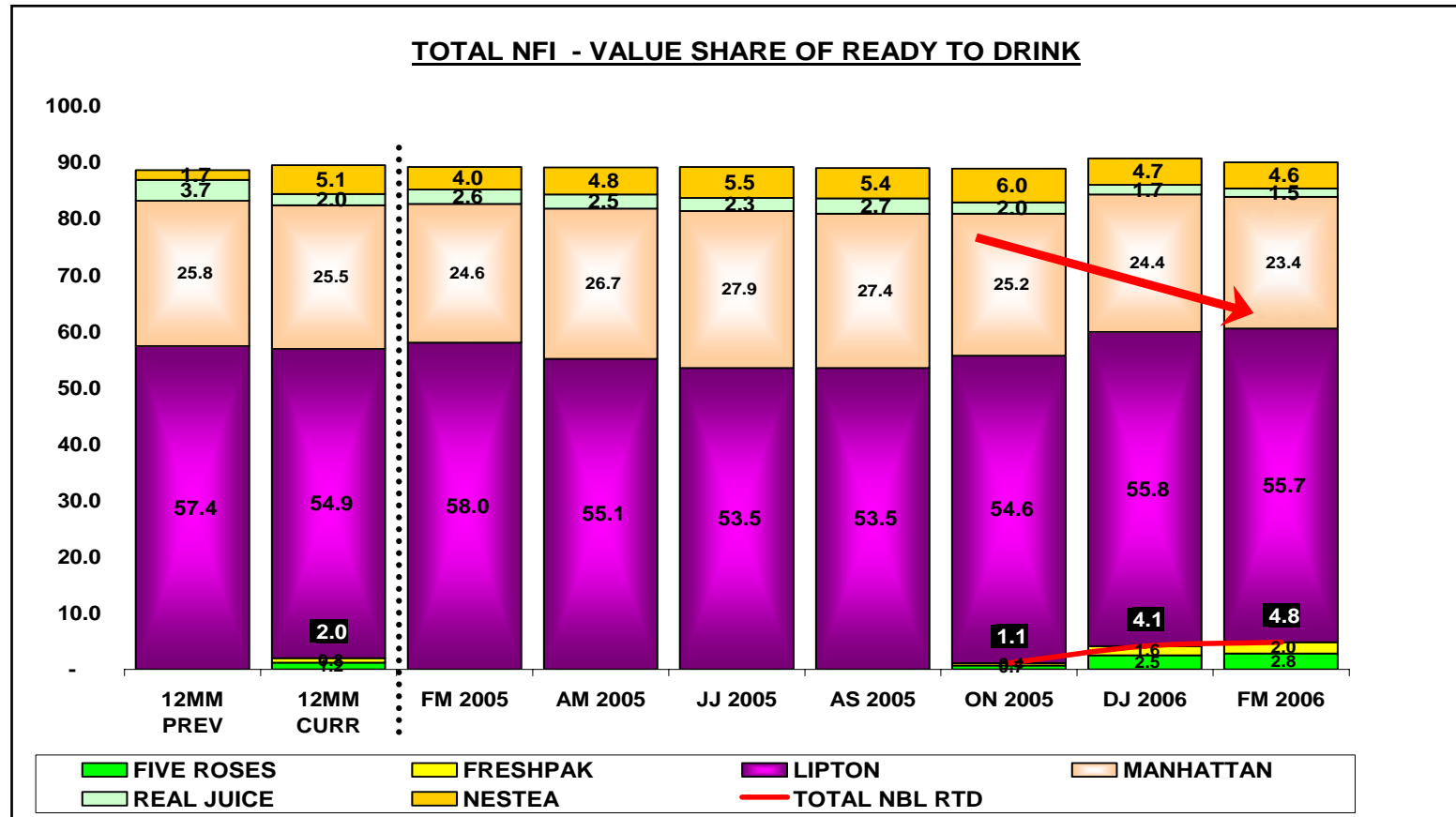
Source: ACNielsen's Feb/Mar06

Appendix L: Hot Tea Market - Unilever



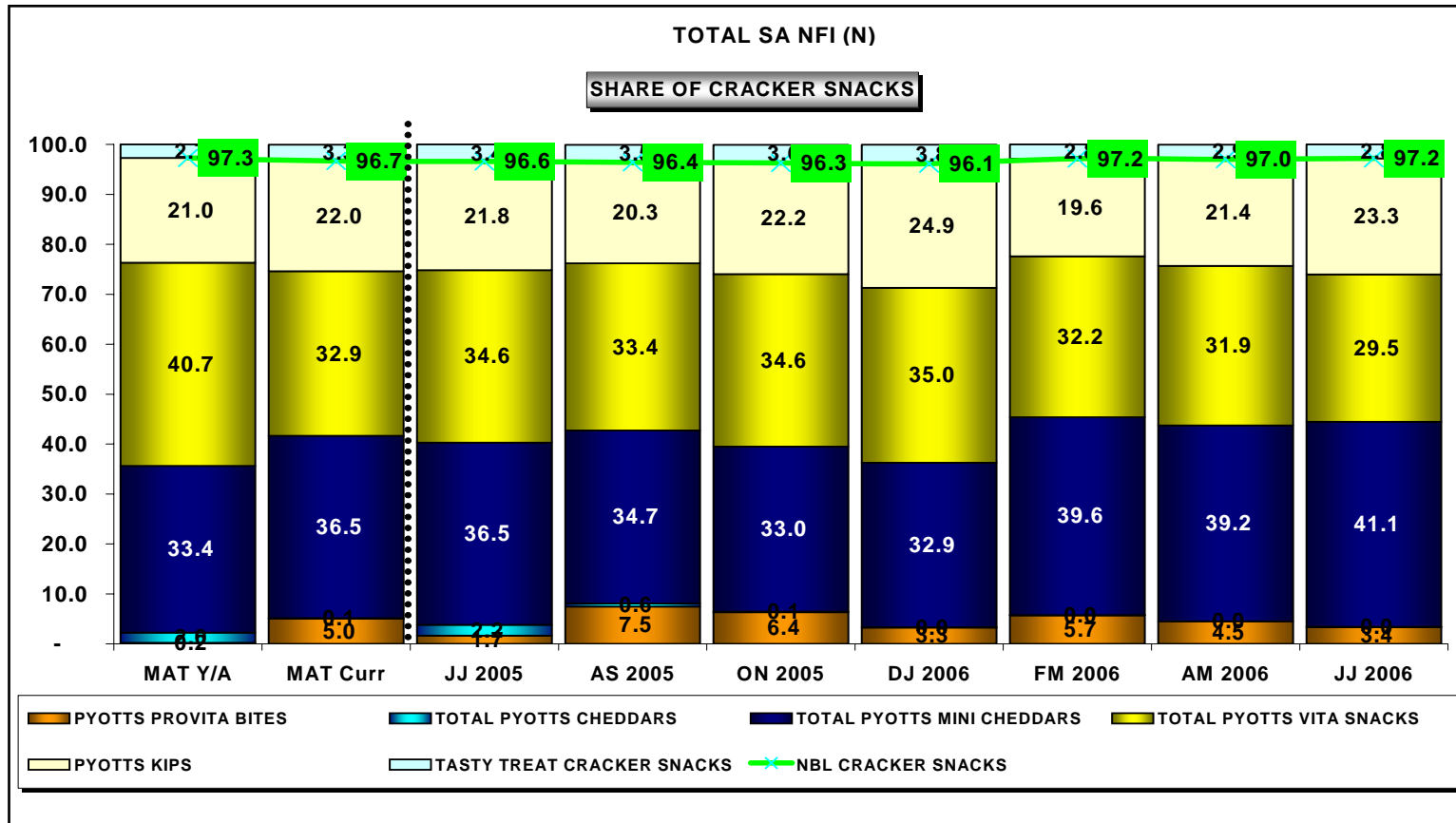
Source: ACNielsen's Feb/Mar06

Appendix M: Ice Tea Market Shares



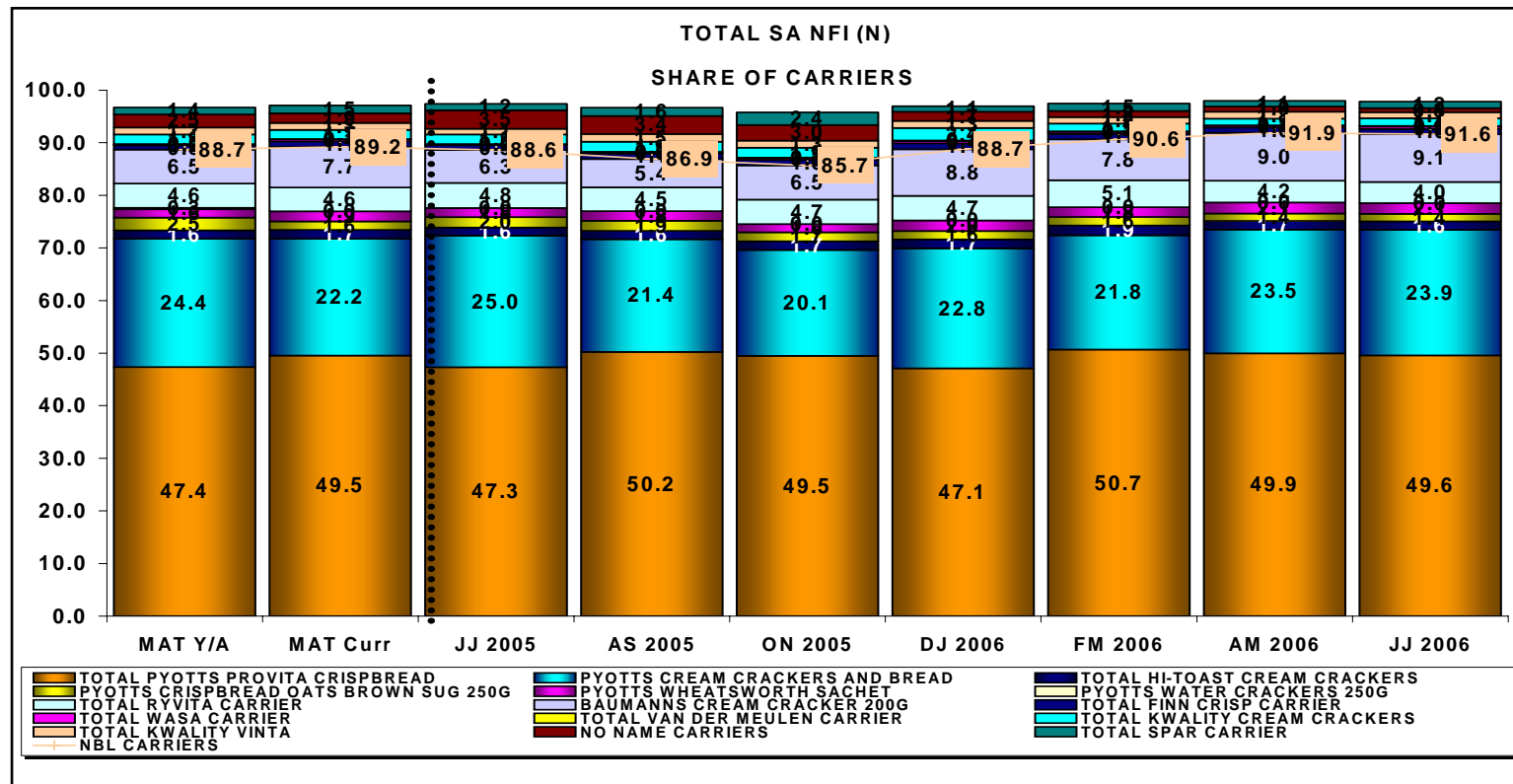
Source: ACNielsen's Feb/Mar06

Appendix N: Cracker Snack Market Shares



Source: ACNielsen's Jun/Jul05

Appendix O: Carrier Market Shares



Source: ACNielsen's Jun/Jul06



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