ARCADA

Analyzing Brand Extension Through Consumer Response to Marketing Campaign

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Abstract:

This research is conducted to see and analyze how the companies attempt to start up new products within the same brand in terms of marketing campaign and consumers' reactions. This project aims to provide the example of how a brand can provide a new product and what is the overall effect on consumer's perception, at the same trying to capture what went right or wrong. Additional effort is aimed to get a response, opinions of potential customers and their reaction, which essentially yield the answer to set questions.

The goal is to see whether a quality of marketing campaign affects the transition, and if it does to what extent. The author is trying to lay down the impact of advertising in cases when companies release new products with an old brand name by providing some real examples with outcomes and a mock up product with an appropriate marketing to fit the brand's ideas. Sometimes an old brand name contains all the good things about that brand, and the goal is, while creating the case, to perfectly transfer the selling points that got that the great brand to where it is at in the first place. Overall idea is to make sure that whatever is assumed to be working by marketing departments is falling through.

There is a huge amount of background information in this thesis provided to get readers familiar with the event of brand extension, as well as some marketing theory and models to justify the action and make sure it is clear that brand extension is a concise business decision.

Applying factors such as consumer knowledge, consumer trust, consumer perception in marketing campaigns and analyze their role in the success of brand extension. The history has shown that sometimes even the most well-planned marketing campaigns fall short on expectations. It is really hard to predict what is going to be a hit. The other goal of this research is to create a case that can guarantee the feedback, and in order to secure that the author only intends to use some known brands to work with. The background information covers the basics and answers the question whether it is a functioning practice: it is a widely applied strategy. The goal is to analyze the outcome from the standpoint of raw feelings and reactions to the marketing campaign: was the essence of initial brand captured and advertised correctly.

Keywords:	Marketing Communication, Brand Extension, Consumer Behavior, Consumer Perception

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1 INTRODUCTION

1.1 Background

Brand transfer, or brand extension is an act of creating a new product using the same brand within the same company. Various examples include attempts of all kinds of companies from small start-ups to giant industry leaders to include the existing logo and visual features in a completely new product in a different category. The action has its positive moments as well as negative ones. For instance, extending the product line could attract new customers, it allows companies to enter new markets, increase awareness, or saves resources that could have been spent on creating and developing a new brand. The obvious disadvantages of the brand extension are brand image decrease; the new product can confuse customers.

The topic itself is not a new one, companies always have been extending their brand line, but the actual issue I want to tackle is the issue of how to market the transition, what are the selling points and what kind of image needs to be created to advertise the new product without losing the face of a brand. Also, what is the customer's view and how he/she decides whether the new product with on old beloved brand is good.

The web contains many different cases and studies where researchers and students take this very interesting and complicated topic and question it from different perspectives in their analytical papers and theses. Nevertheless, this topic remains a partially unidentified piece of work, so I would like to present my thorough analysis and anticipation of a possible advertising methods that are needed to be used to provide a smooth transition and why marketing campaigns are important in this case.

Current thesis is not a standard desktop-type of thesis that includes a lot of numerical data and heavily relies on it; it rather has a novelistic value to its creator and the readers; it includes a lot of empirical information and material specifically created by author for this work. Basically, what that means is that besides the theories, background and introduction of real life examples, there is an attempt by author to emulate a brand

extension using marketing strategies and utilizing sales point and using whatever works or worked for the initial brand.

1.2 Case Project

This thesis is an independent project and is not affiliated with a specific company. However, the cases analyzed and presented in this thesis might suit some companies' who are looking for the right approach on how to properly extend the brand line. Also, these projects include many company names that did not participate in the research.

This thesis does operate with data that is sometimes hardly accessible and requiring some explanation; the yielded results are based on logical conclusions and marketing models, also results from a survey.

1.3 Research Aim

The research aim is to analyze the relation between brand extension and consumers' reaction to marketing. Getting to know the methods of advertising on how to extend the brand to a new category is important for the marketers. The goal is to fully understand what customers expect and want to see from a new product of an established brand through advertisement. Also, to look through how the brand extension is perceived by the potential customers during the marketing campaign. To comprehend what parts are crucial for a successful marketing campaign of a brand extension and what are the exact elements in those campaigns that customer pay attention the most to.

The research aim is to connect customers' perception to a product being extended, and to see what it the role of advertising in brand extension by showing real examples and feedback of fictitious marketing campaigns.

This thesis could be used as an information source to for companies that do not know much about the impact of advertising campaigns. Moreover, advertising as a factor is often overlooked, as the brands go for overall feel of the existing product, rather than transforming into a new standalone entity with industry appropriate features.

1.4 Research Questions

During the case study the author of this thesis is trying to answer several questions about the topic. Some of those questions were created in the beginning, meaning that the topic of the thesis automatically assumed the most important ones. Some other questions appeared during the research and writing phases and now they possess the equal value for the thesis. With brand extension as a proven working activity, to what extent does the marketing and advertising in particular make a contribution to the overall success? What aspects of advertisement are crucial in brand extension success? How to keep the positive effects of the brand while extending it to a new product line in an ad and/or during marketing campaign?

1.5 Limitations/Demarcation

The research is based on analysis of advertisement campaigns of the select companies, the goal of which is to outline the crucial elements that translate into success of the extension. The project is demarcated to the literature on the topic accessed through the various sources of the web cited in the reference section. Also, there are limitations concerned about accessing companies' data regarding the correlation of marketing to performance of brand extension.

The project does provide the basic theory about the brand extension with real companies' examples to familiarize the reader with the topic. Marketing model, such as Ansoff Matrix, is present to justify the brand extension within the author's judgement. Fictitious advertising campaign for non-existing brands that are the focus of this study are limited to imagination and creativity of the author and his empirical research of various campaigns and products from different countries and different companies.

2 METHODOLOGY

2.1 Material

Very specific advertising examples are used to extract the positive details that correlate with the successful brand extension, and used to compare with each other. Consumer's perception is considered as well. The theory part includes several examples and references to brand extensions that had success in the past, and can already be claimed as successful or not successful ones with sufficient data extracted from the internet.

The theory part takes a lot of information from academic marketing course books and articles, but some of the references are taken from very old ones, some of them originate from 1991. The author indented to use as little of those references as possible in order to keep the thesis facts up to date as possible. If a more recent data is available, it has been used. After all, the examples that are being used are far more recent and apply to a median consumer more than to that of the 90s.

Primary research is a practical analysis through creation of a fictitious brand extensions with within a detailed marketing campaign. The results of the campaign: TV scripts, slogans, logos, banners, etc. will be presented in some sort of a show-to survey. Also, in order to be able to properly target the market in the campaigns, various creative briefs and target market portfolios will reflect and have a fundamental for the whole research. Participants give their honest opinion about the advertisements and the fictitious product that they were shown and give an evaluation, so that outcome of the survey will yield answers to what makes the same brand in a different category transferable or at least gives a clue what made a certain person like and wish to by the extension product over the existing one that is also a favorite for many.

In the secondary research author intends to analyze the mentioned before cases and try to theorize on how things could have gone in a better direction. Compiled together, all data analyzed from examples, fictitious case, the responses and base theory it is possible to provide the answers to the questions and come to the conclusion.

2.2 Approach

First of all, making a selection of brands, that will be used for the creative part. Picking out the ideas that seem to play a big role in brand transferability. All the creative work has an indisputable impact on the whole research. After selection is complete, it is time to analyze target groups of those brands. That will help to find out what is the selling point of that given product. It is important for the research to know the essential parts of each particular case in order to be able to write down a decent quality creative campaign, that is not only not ruining the image of the brand and makes potential customers answer the survey under the effect of the fictitious new product being solid in terms of marketing. That allows the researcher make notes and observations which parts of the campaign (knowing they were all of a great quality) affected the buying decision the most. By using quantitative data collected from the survey, I will be able to answer the research questions.

The secondary research is to provide a fictitious case of brand extension not through showing investment capital numbers and other data, but through marketing campaign, which is a presentation of a new product with an accent on sales point, features.

2.3 Data Collection

The data that will be collected from the research will be fulfilled and fully explained with additional surveys that will support certain ideas about the problem and the solution. By creating a theoretically functioning marketing campaign, the writer is able to collect exclusive feedback from the potential customers. The survey consists of multiple choice qualitative questions targeted at specific areas of the campaign. For example, "Did you like the TV commercial?" Or "What do you think about the new packaging and the slogan?" The responses of those type of questions will bear no numeric value, except for the question of type "Grade this particular activity on the scale from 1 to 10". And other important part is to mathematically define which part sold the product, so it is possible to conclude the research based on a proper number of respondents that a certain medium did the sale.

2.4 Data Analysis

The best way to collect all the data together is to use a certain software, such as Microsoft Excel. This will help arranging all statistical data from the research. There is no need to use a rather complex software such as Microsoft SPSS, due to the lack of need for heavily organized data that the research is not needing to get. Creating tables with listed solutions, visual interpretations of answers and such definitely contribute to the research. The survey will be built on the base of the fictitious marketing campaigns, that will present a rather practical interpretation of an analysis mentioned above.

2.5 Data Interpretation

The main idea is to compare the data analyzed during the primary research, ruling out the solution based on the existing cases with the data investigated during secondary research, surveyed perception of a marketing campaign. Both processes are equally important and are interpreted as essentials to the whole point of this thesis. Participants of the survey will not be limited to a certain group of people, it will be an open survey, meaning that everybody who is consumer can potentially be asked for a part.

2.6 Expected Results

It is expected from this work to find out what are the most important part of brand extension's advertising. It is already proven that brand transferability is possible, but the results are not always positive. Managers of different tiers struggle with brand stretching, and the results provide some information from a different angle, the advertising, explaining what parts of the brand are essential to remain after the brand extension and what is best way to put them in the commercials to trigger the needs and wants of the consumers for the newly extended brand.

This project will provide both theoretical and empirical value, focusing more on empirical part. It is mostly because people's feedback based on emotional and simple "I

like/don't like it" do not quite fall under theoretical approach. Some commercials could be executed perfectly, they may follow the formula, or simply may provide all the needed information about the product that usually gets the sale, but sometimes there is something unexpected happening, and the consumers pay attention to something less planed, but viral.

What the author of thesis intends to yield as results are answers to the research questions and some actual data from the survey.

3 THEORETICAL PART

The topic is not new, but the approached side of the topic that is being touched is. There is plenty of theoretical material on the web and in the libraries, that describe what brand extension is with examples. It is true that some of the cases are very obvious and do not require and thorough research and analysis due to a popularity and profitability of brand extension, because practically every known brand has attempted it in one way or another. The important part of this thesis is to offer some background knowledge, facts and other information to its readers in order to provide a deeper understanding of the topic rather than just "brand extension is when you make a Coca-Cola car". It is best to provide some real examples with details. In order to understand the why of brand extension certain theories are also present in this thesis.

3.1 What is Brand Extension

Brand extension is use of established brand names to launch new products. (Völckner & Sattler, 2006 p.18)

Brand extension is a marketing practice that uses an established brand name in one category to introduce products in totally different categories. This practice has been widely used by a variety of firms to introduce new experience goods and was hailed as "the single most important trend" in marketing. (Choi, 1998 pp.1-2) The value of a brand name can be measured in terms of not only the advantages it provides in its present competitive arena but also the potential advantages it offers in untapped markets. (Broniarczyk & Alba, 1994 pp.214-215).

 The components of the definition of brand extension:
- It is a new product
- It should use a well-known brand
- The brand should have leverage with customers of the new category

Capitalizing on an established brand name is a growth strategy that seems destined to increase in popularity as the cost of launching new brand name skyrockets. (Boush & Loken, 1991 pp. 16-28)

From the line extension to brand extension, however, there are many different types of extension such as "brand alliance", co-branding or "brand franchise extension". (Milberg, Park, McCarthy 1997 pp. 119, 40)

3.2 Obstacles of Brand Extension

Despite the wishful business growth of many different companies who want to extend the existing brands there is a statistical data that shows that successful extension of a brand line is far from being an easy task. The outcome is not certain. Failure rates of brand extensions in consumer good product categories are approximately 80% (Ernst & Young and ACNielsen 1999; Marketing 2003). Hence there is a major inquiry to determine the potential determinants of brand extension success. Those who express the need in focusing this knowledge are looking for reduction of the failure rates of brand extensions. What these managers were and still are trying to accomplish might be contained in this thesis.

The other issue is that previous studies tested the direct relationship between success of brand extension, which is a dependent variable, and potential success factors, which are independent variables. The researchers did not account for some of the potential relationship between the two, which might cause misleading interpretation of the success factors, that are the sole purpose of the research. (Völckner & Sattler 2006 p.18)

The survival of brand extension is valued as low, only 50% (Taylor 2004 p.1). However, it is still considered to be less risky than starting up a new brand.

3.3 Planning to Extend a Brand

Many companies have been trying to extend the brand, expecting it to be a cheaper and less risky alternative of launching innovation rather than creating new brands and develop them from the beginning. In theory, stretching a brand seems like a much better idea instead of creating a new one. Companies are using several factors as their advantage, which are undeniably look superior to whatever starting a new brand tactic should offer:

Consumer knowledge: existing brands play a huge role in promoting a new product, the awareness creates itself just by showing a logo off. The challenge here is to communicate the benefits, the selling points to the consumers, whether a new brand would need to create an awareness, a buzz from nothing. It costs more, uses up more resources and consumes more time.

Consumer trust: consumers follow basic human psychology when it comes to choosing a product. They know what to expect and what they pay for when they see a certain brand/image. Ipso facto, the use of a good reputation can create an effect of a great value proposition for a product in a new segment, or industry.

Lower cost: Consumers who know the brand know the value they are getting. So whenever there is a new product from that brand in a new category they tend to understand that the extensions usually cost less than substitutes and offer the comfort of a known brand. (Taylor, 2004 pp. 7-8)

According to Taylor (2003, pp.3-4) the most important ways of launching new products and services are broken down like this:
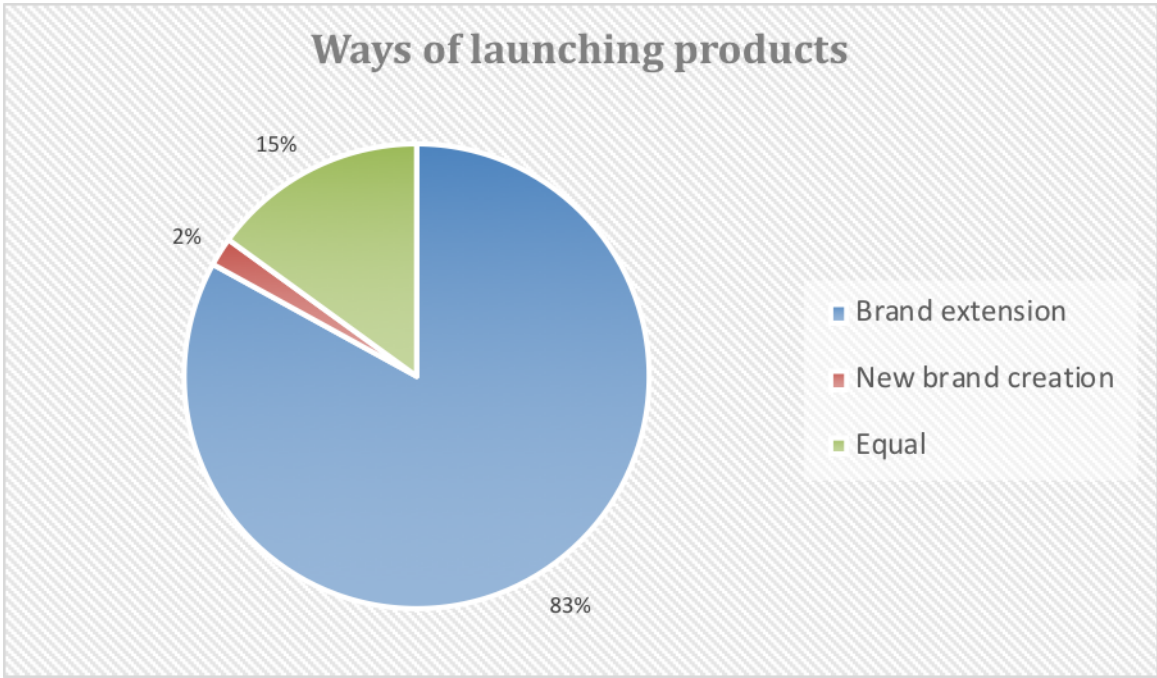
Figure 1. Planned use of extension versus creating new brands

All in all, the track record of brand stretching compared from two sources (Ernst & Young, 2003; Taylor, 2004) is represented in the following graph:
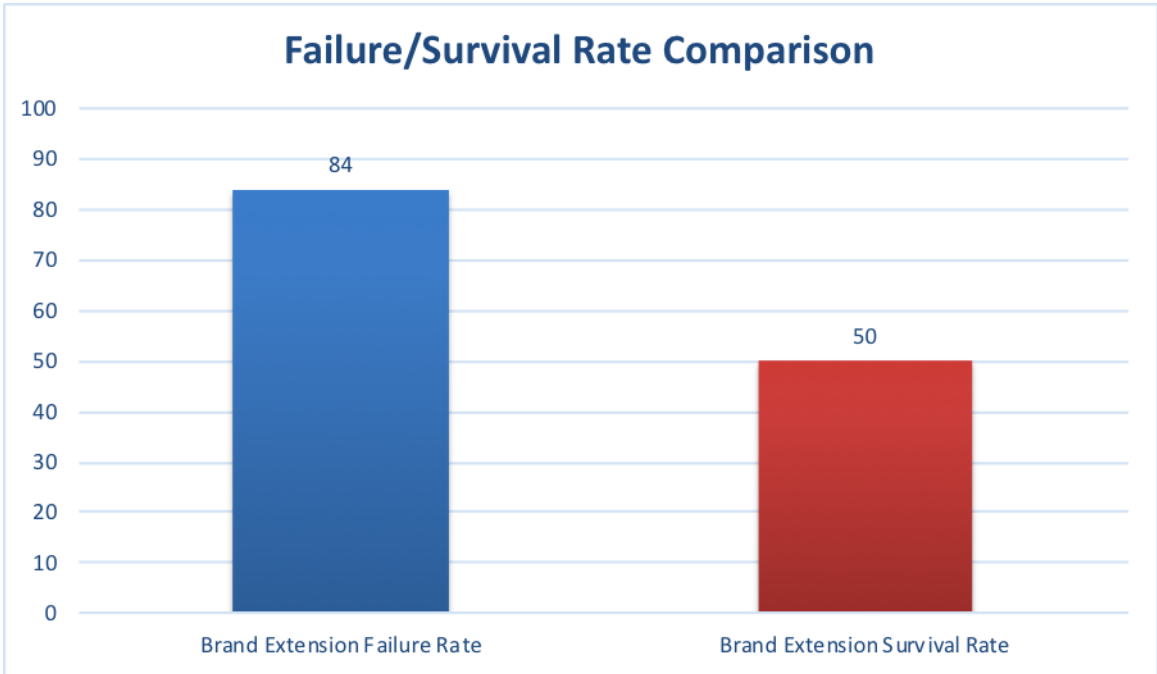

Figure 2. Brand Extendibility Track Record

3.4 Barriers to Brand Extendibility

Barriers to brand extendibility are quite like the ones that are accompany a regular industry entry. The following barriers are quite relatable to brand extension with examples:

Product Differentiation. Every company believes their products are unique. It is an essential task to bring this opinion out to the consumers. Once it is done, consumers can easily tell this specific product apart from another based on several features and their own preferences, experience, etc. Basically, the goal here is to overcome existing loyalties (Hitt 2009.. 110-113) Whenever a successful company stretches its brand, there are other established brand in the category, and to overcome the loyalties by bringing something unique, possibly something that is highly associated with what got the original brand great in the first place. A famous lighter produced Zippo, attempted to enter a totally different market, the perfume market. Zippo were not able to differentiate themselves. the company that produces gas smelling products tries to enter the market where the smell is essential does not sound good on paper. (The 10 Worst Brand Extensions on the Market) Available at (http://www.businessinsider.com/the-10-worst-brand-extensions-2013-2?r=US&IR=T&IR=T#zippo-the-woman-perfume-2106-votes-10/)

Figure 3. Zippo's Women Perfume (BusinessInsider.com, 2016)

Switching costs assumption. Despite it being a one-time cost, customers are being reluctant when switching costs are high or due to other reasons, such as time and energy. (Hill & Jones, 2009 pp.45-46) Virgin Atlantic Airways is a good example of a company that entered an industry where switching costs is a major factor and succeeded. (Virgin Atlantic Portfolio. Available at https://www.virgin.com/virgingroup/company/virgin-atlantic) The industry has high switching costs for the consumers, due to creation of redemption miles that makes it harder for them to switch flight companies all the time.

Economies of scale. There is a problem for brand extension seeking companies that is to how much units of the new product to produce within a new industry. Economies of scale mean that greater the quantity of the given product, the smaller production cost. It is a barrier for various reasons. For some smaller companies, it is an obstacle due to competitors' basically being far ahead in the sales. For bigger companies the issue is other retaliating brands, which already in the market for longer time. For example, Snickers Ice Cream Bar. The Dove International (parent company of Snickers) released the product in 1989, extending the line while using the Snickers brand, that was already a hit by that time. No doubt, it is a successful brand stretching, but company had to come up with a competitive price, but keep the Snickers price. The reason this example is good is that economies of scale for Dove International at the time was a barrier. Just considering entering ice cream industry in the 90's is a big step, overcoming the price and production retaliation is a major win. (It Had to Happen. Ice Cream Snickers Bar. Available at http://articles.chicagotribune.com/1989-08-07/business/8901020843_1_ice-cream-bar-snickers-ice-cream-candy-bars)

These three barriers of entry fit brand extension the most. However, there is another category of barriers of entry that take it from a different perspective:

Demand. There is simply no demand for a new product, it is difficult to create needs and wants. Also, industry could be extremely packed with giants and chances of entering successfully are low even for the big companies. For example, Google

Answers. The most popular search engine in the world tried to be a competition to existing answering services, such as Yahoo!. People already use Google for questions, for something specific, they go to Yahoo! or somewhere else. (10 Failed Google Projects. Available at http://computer.howstuffworks.com/10-failed-google-projects9.html)

Supply. It is almost the opposite of demand: there is a need, but there is no sufficient selling point, e.g. solution. For example, Zune. Microsoft made a media player that had a digital subscription (like today's Spotify, Apple Music, Tidal, etc.) the idea was great, but the hardware competition with Apple ruined the product that was considered a "chaser product". (Why it Flopped. Available http://www.businessinsider.com/robbie-bach-explains-why-the-zune-flopped-2012-5?r=US&IR=T&IR=T)

Lack of Brand Relevance. Some companies are not identified as the most trusted ones, due to releasing inconsistent products. For example, eBay Express, which offered customers to buy goods at fixed price. It was pretty confusing to see a bidding/auctioning website to have a fixed price market. (eBay Express article. Available at http://www.wsj.com/articles/SB116658444681455405)

Execution. Sometimes the plan to extend the brand looks perfect during the planning phase, but when the execution stage comes, comes the struggle. Maybe something went wrong on many different levels, there was no clear plan for future, lack of quality, the ambition did not match the reality.

Using the theory, the author could come up with his own unique approach for the problem. All the points especially the last one come across the execution and commitment to the brand extension idea.

3.5 Ansoff matrix

Every measure a business takes in order to sustain growth can be explained with some marketing model. The author of this thesis found that Ansoff matrix is one of those

marketing models that can be applied here to justify the brand extension as a tool to ensure product market growth.

Ansoff Matrix is a model developed by Igor Ansoff in 1965 for analyzing the approach to product market growth strategies. This model was incorporated in a book published by him called Corporate Strategy. (Ansoff 1988 p.109)

The main axes of the matrix are new or existing products and new or existing markets. The model consists of four parts: market penetration, market development, new product development and diversification. Nowadays the matrix can be found useful for traditional and distinct markets and tangible products. The parts of the matrix, or the elements of a framework can be used for growth strategies.

1. **Market penetration strategy.** This strategy is observed to have the lowest risk, and is seen to have rather persistent marketing and sales campaigns, while the product stays the same. As a result of this strategy, the purchases increase due to discounts and more attractive offers, as well as bulk purchases. This strategy could be followed through by taking customers from the competitors, by winning them over.
2. **Market development.** This one includes keeping same products, while developing new markets. This strategy is regarded as high risk. Implementation of this strategy is basically a search for underdeveloped markets, where price, for example, is less of a factor. Often the new channels of distribution or retail outlets are being developed.
3. **New product development.** It is a costly activity to make and market a new product. This strategy can be applied whenever there is a chance of entry where the technologies are new and undeveloped.
4. **Diversification.** This one is another high-risk strategy. It involves a totally new approach, where new products are being developed and markets are being discovered. The company which selected this strategy has to invest a lot of time into familiarizing itself with the industry production cycles, i.e. getting experience. This strategy may also mean mergers and acquisitions, that aim to acquire market or product. (Doyle 2011 p. 22)

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Figure 4. Ansoff matrix (Strategic Management, 2007)

Successful brand extension occurs when the parent brand is seen having favorable associations and there is a perception of fit between the parent brand and the extension product A brand that is seen as a prototypical of a product category can be difficult to extend outside the category an unsuccessful extension does not prevent a firm from backtracking and introducing a more similar product. Cultural differences across markets can influence extension success. Using the model, marketers can see brand extension as either of the axis, based on the current company situation and the range of planned brand extension. (Doyle 2011 pp. 21-22)

All in all, this matrix represents how tackling the creation of new products can be approached. Also, considering the fact that there is a pre-existent product in a different industry with a relative sales success.

Extension can be hurt and helped by brand –attribute associations. The potential of obvious and subtle association is important to understand. It is a risky activity to place a strong brand on a weaker industry product, such as would be Hugo Boss napkins. Customers may have irritated because it is odd, overpriced, or both.

3.6 Brand Extension v. Line Extension

Sometimes it may seem that a new product under the same brand is a brand extension example, while in fact it is not. A line extension is a new product in an existing category using an existing brand name. In other words, the company may change the flavor/ingredients, modify the base product to a certain extent. (Royo-Vela & Voss, 2015, pp.145–161).

Whereas, a brand extension is a new product in a new category using an existing brand name. For example, Virgin Atlantic and Virgin Shoes, etc.

Line extension is the case, if, for example, creating a new coke, but with less calories. However, if the new coke was planned to withdraw coke original from the market, then it was not a line extension.

Ideally line extension will have both the offerings stay in the market, it is more of a replacement at the initial stage. But if we see it today we call it as line extension as both remained in the market.

4 EXAMPLES OF BRAND EXTENSION

4.1 Walmart Gas Station

Walmart is an American retail corporation that operates globally, as various types of stores, such as hypermarkets, discount stores, grocery stores. Walmart is the number 1 company in sales, number 19 in profit. It is also 24th most valuable brand in the world. (Walmart profile page on Forbes. Available at https://www.forbes.com/companies/wal-mart-stores/)

It expanded over years, nowadays Walmart is not just a grocery store, it is a brand that extended beyond its initial category. There are Walmart Auto Service, Walmart Pay, etc.

The gas station is a good example of right application of what makes people shop at Walmart: convenience and cheap prices. Even when the gas prices were going up, Walmart maintained its price superiority tactic, offering lower gas prices compared to the competitors. (Walmart to offer customer discount as prices rise. Available at: https://www.bloomberg.com/news/articles/2012-08-29/wal-mart-to-offer-customers-discount-gas-as-prices-rise)

Figure 5. Walmart Gas Station (Walmart.com, 2017)

4.2 McDonalds All-Day Breakfast

It is safe to say that most people on this planet know what McDonalds is. It is the largest fast food restaurant in the world with more than 36,000 restaurants in more than 80 countries. (McDonald's overview, company info page. Available at: http://corporate.mcdonalds.com/mcd/investors/company-overview/company-overview-segment-information.html)

Global sales of McDonalds have been declining since July 2015. When the company announces its annual results on January 23rd, it was revealed for revenues to have been fallen). Also, there are global issues like Asian McDonald's having plastic and contaminated meat, sanctions in Russia. At home in the USA McDonald's was experiencing a hit from competition from many different fast food chains. Basically, McDonald's being killed by more modern restaurants that offer more than a brand name, they offer high quality food, customization, table service, and customer service in general. (https://www.economist.com/blogs/economist-explains/2015/01/economist-explains-7)

There is a breakfast type of restaurants over there that mostly serve breakfast food. Some places like IHOP (International House of Pancakes), Denny's and many other local ones intrigue the customers with a very warm and welcoming service, combined with a huge range of breakfast food in the menu that is served all day. That combined with a great appeal in pop culture (see figure 6) gives this niche a certain novelty for customers, so they lean away from traditional burger places.

So instead of starting a separate breakfast food restaurant McDonalds extended the menu, its brand to the food that is not burgers, fries, or chicken nuggets that are generally associated with McDonalds.

A recent study suggests that this new initiative all day McDonalds breakfast is luring in new customers. (Available at: https://www.wsj.com/articles/mcdonalds-all-day-breakfast-is-luring-in-customers-study-finds-1449609778)

According to a survey by NPD Group Inc., one-third of McDonald's customers who purchased something from the breakfast menu did so outside the regular breakfast hours. In other words, those customers took advantage of All Day breakfast policy. Also, same customers had not visited McDonald's in a month before the launch. Further, this initiative also appears to be helping McDonald's lunch business. The same study revealed that 61% of the customers who purchased breakfast food during lunch hours also added non-breakfast items. This shows that the strategy is driving sales of non-breakfast food items. While the increase in consumer traffic cannot be exactly quantified, the success of this strategy should positively impact comparable store sales in the coming quarters. (All Day Breakfast strategy working. Available: https://www.forbes.com/sites/greatspeculations/2015/12/16/is-mcdonalds-all-day-breakfast-strategy-working/#76c7254d6721)

It all may conclude that by attracting new customers or customers who no longer visit McDonald's, actually stop by to try out all day breakfast way past breakfast time, and by trying out extended product and if reacting positively, they reconsider visiting McDonald's more often whether it is for more breakfast food or standard menu.

Figure 6. Breakfast reference in a popular TV show Parks and Recreation

4.3 McDonalds Delivery and McCafe

Another McDonalds venture is delivery service in India. According to a McDonalds representative in India such ventures increased the revenues. McDonalds delivery services and McCafe have proven to be a local success in India. (Available:https://timesofindia.indiatimes.com/business/india-business/McDonalds-India-to-focus-on-brand-extension-delivery-business-this-year/articleshow/50517894.cms)

4.4 Virgin Group

Virgin Group is a capital venture company associated with various industries, some of which include travel, casinos, phone networks, book publishing, health and wellness, music and entertainment, financial services. Basically, what began as a startup became a huge, widely known IPO.

There is no particular example of good or bad brand extension by Virgin Group, the company itself is an example. The core idea of a company that Virgin is present in almost every industry possible, and so far, it has been working for them pretty well. Instead of concentrating on one thing, Virgin Group keeps extending.

Figure 7. Variety of Virgin products (virgin.com, 2017)

4.5 Jack Daniels Barbeque Sauce

Most of the adult population is aware of a strong alcohol brand Jack Daniels. Well, it is not only a beverage suited for grown-ups, it is also a barbeque sauce. The approach here is seen the moment a customer visits the web-site: the brand is to be taken seriously and

first and foremost as a spirit, alcoholic beverage. First time the web site is visited, you are requested to enter a valid drinking age in order to access it. Seems like nonsense for a product like this, unless it has a Jack Daniel's name on it.
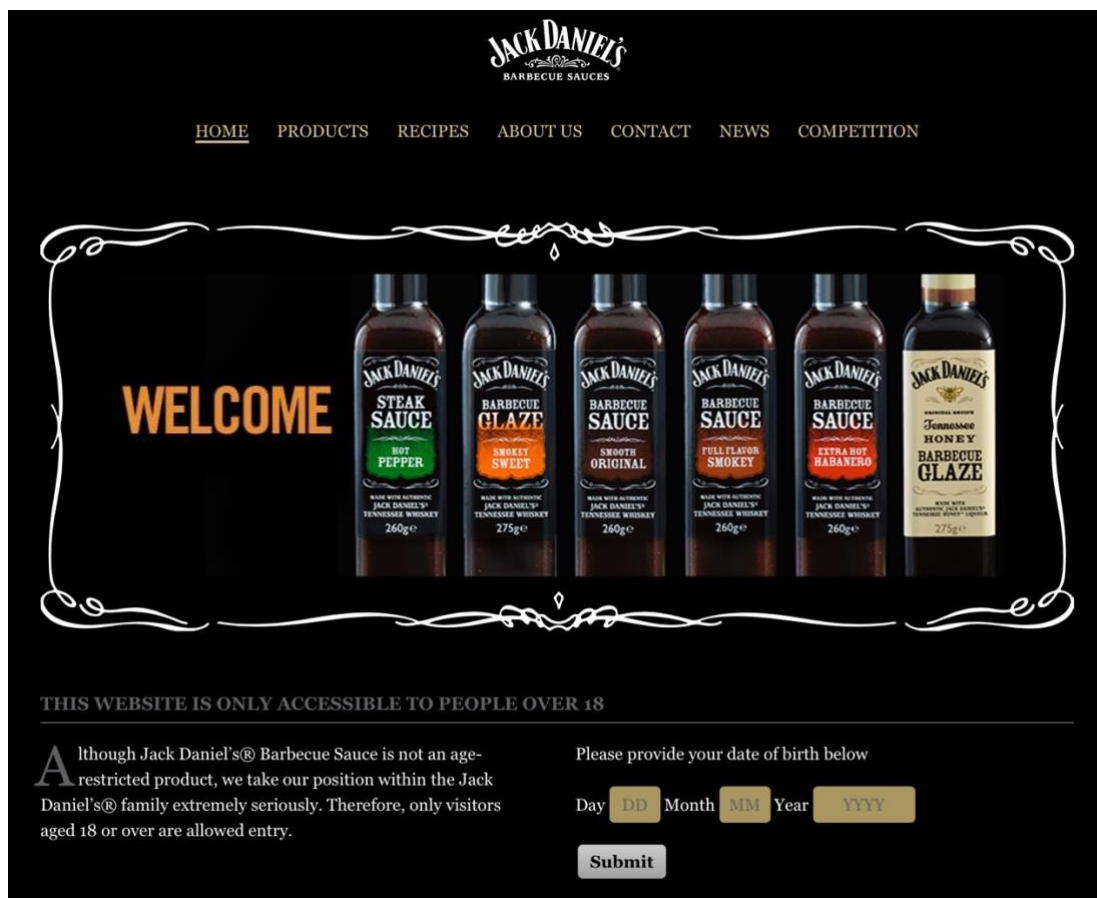

Figure 8. Jack Daniel's BBQ Sauce webpage requesting an age verification (jackdanielsbbqsauces.com, 2017)

It is a great example of keeping the important features of the brand when extending the brand. Aspects like this are important for brand equity and successful brand extension. If it was not for small details like this consumers not necessarily would react positively to the new thing. This example provides a great observation on how to transfer a crucial feature, even when it is not required.

5 MOCK UP MARKETING CAMPAIGN

Some of the examples provided show that brand extension indeed is successful. However, due to limitation of the research, the author requires more information to give a conclusive answer and for that reason another research was conducted.

Mercedes Benz brand was taken in to consideration and later chosen as an example, or a case that can be reflected on due to the nature of the target groups available for the results. Initially, it was the reason the thesis topic was selected: to conduct a research using creative skills acquired during the studies in a free manner, but just so they contribute to the result collection.

While planning a marketing campaign, companies utilize all the best things there are about a product for a group of people within a certain category. The author is attempting to apply those principles in the research.

During the year 2017 there was a chance for the author to construct marketing materials, in which there is a certain brand that is being extended. Thanks to the theoretical framework, some basic principles were applied into consideration. For this case, it was attempted to make it as comprehensible as possible for all participating parties.

Basically, Mercedes-Benz is extending, introducing the new product Mercedes Couch. Mercedes Benz is commonly known for making that specific type of products, it is always within the industry. This new product Mercedes Couch is not like that, Mercedes Couch is very different, in fact there is no way tell that they are the same brand unless consumer sees the label. As it was mentioned before, due to a free nature of a creation process of this mock up brand extension, it was selected specifically to fit the target group that is very diverse, accessible and very profitable: students (young age, generally open-minded about things, not financially independent yet, but already possess an opinion to make a buyer's decision). The author spent some time showing the creative outcome to the portion of people encountered on campus of University of Central

Oklahoma. The communication was in a form of survey, where the respondents, students-potential consumers were first selected into the process based on the first answer, and then shown the marketing material, on which they gave an opinion about the brand, potential purchase, etc. The internet questionnaires were avoided, due to the preference of face-to-face communication and higher validity of the answers for the author. The number of respondents was 50 people, who are exclusively students.

5.1 Attitude Towards Brand

Before the survey begins, it is important to establish the algorithm, the order in which the information will be delivered. (Strack, 1992 p.22) First of all, to successfully use information from survey and not be stuck on useless information, it starts with a question about attitude towards the brand, or simply "Do you like the Mercedes?" in this case. Depending on the answer the following results will have more meaning as they will be spread on two categories of consumers who initially like the brand and do not.

5.2 Presentation

Next step is presentation of Mercedes Couch. The reason why presentation comes after the attitude question is because of bias control, in other words making sure that by declaring the initial preference, the survey yields better results that would also be based on this factor, referring to the importance of certain data. (Strack, 1992 p.24)

5.3 Post Presentation Data Collection

Next is collecting more data for the research by asking questions based on the reaction towards the presentation. The questions are built in the way to understand whether ad campaign affected the consumer response. So, if a responded said he/she did not like Mercedes at first, and then liked the couch, the author can interpret the results to suit the

goal of the research, meaning using only the relevant information. Different questions regarding gender, age, etc. seem to be irrelevant to the end result.

28 out of 50 respondents generally like Mercedes, whereas 9 do not and the rest 13 are neutral towards it.
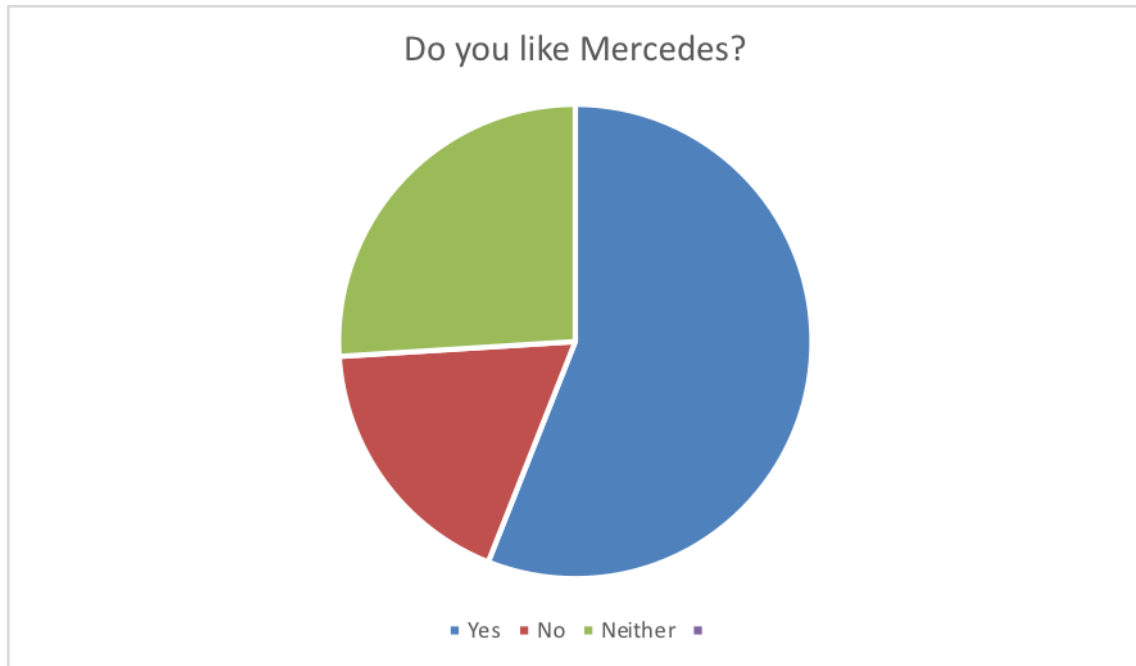

Figure 8. Pie chart representing attitude towards Mercedes

Out of 28 respondents who like the brand only 6 actually drive a Mercedes car (it is important to mention that college students who participated in the survey do not necessarily drive the latest models; driving a Mercedes could mean anything from a 20-year-old model to a recent brand new one).

From this point on the information that is important here is not about the current Mercedes fans and customers, the research requires pointing out of the shift or the lack of it of those who did not have high hopes for the new product or the brand in general. 9 of those who do not like Mercedes, and 13 of those who are neutral. To further questions whether those consumers liked the advertisement material/the new product, out 9 who disliked the brand, 5 people did not like the ads. Sometimes it is almost impossible to convince consumers who are not given the whole experience of the product, it could also can have something to do with the design or powerful loyalty to other brands, like Porsche or BMW in this case. However, 4 people liked the ad and the

new product, so there has been a shift. It does not mean they will run to the dealership the same day and get leases for the new cars, but it means that they are willing to explore Mercedes Couch more, which is a totally different brand attitude than it was before the presentation.

Out of 13 neutral consumers only 1 shifted away, and 12 liked the product and the ads. This concludes the existing effect of this marketing campaign on brand extension. The degree of the findings is discussed in the next section.

6 RESULTS AND DISCUSSION

At first it might seem very obvious that brand extension would always work, and it has been proven to be the case. Sometimes it does not, not everyone can utilize the good in the existing product and use it on the new one. The initial idea of this research paper was to analyze the real cases of brands and companies that tried to apply their best product characteristics on a totally new brand in the uncharted industry and see their marketing approach. Unfortunately, the resources of given research are very limited to personal research of information gathered on the web, evaluation of all data, speculation on certain strategies and marketing/advertising skills acquired during the studies. However, the self-made project was shown to a number of people from different backgrounds, in order to have some sort of feedback data. Based on the data the research would conclude a certain resolution regarding the effect of marketing campaign on brand extension.

From the results gathered there is an obvious reaction from potential customers with their brand attitude displayed. However, to get the more or less genuine responses, the particular order of question giving was maintained throughout.

Based on the answers, 6 out of 28 people who like Mercedes actually own a car. The crucial question here is it important? Well, the average buyer of Mercedes Couch would vary from the buyer of the car. So, it adds more credibility to those 6 potential buyers because they are Mercedes customers at the time of the survey, meaning it is easier to sell the new product.

It is obvious from the answers that if a person had a neutral or negative opinion about the brand before even knowing about an existence of the mock up product, and after the presentation changed the mind and expressed the desire in purchasing, that concludes as

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a yes to question whether the marketing affects brand extension. A further and more in-depth analysis is required to dissect every millimeter of behavioral patterns that lead to certain conclusions about Mercedes Couch.

The findings based on the mock up Mercedes Couch marketing campaign helps in answering the research questions to a reasonable extent, which is proportional to the research resources that were available throughout the entire writing process. Based on the answers of the initially positive potential buyers it is safe to say that they enjoyed the new product, as it was Mercedes. There is no harm done through this transition, according to information gained from those respondents. So, it is safe to assume that a marketing campaign that used brand's features and strong sides did not worsen the first reaction to the new product.

There has been an attitude shift, which is already showing that marketing campaign, to some extent, of course, relates to the success of brand extension.

It was important to ask certain questions, such as number 5: "What feature is shared between the 2, what of Mercedes do you see and like in Mercedes Couch?" It does not directly help answer the question, it is helping to logically interpret the features of the marketing campaign and how it affects brand extension. In this case, most of the answers, of course, had to do with looks and comfortability. Mercedes Couch cannot drive, so people do not expect it to be fast and smooth on the road.

7   CONCLUSION

The results indicate that brand extensions have feedback effects on brand image depending on the attitude toward the new product and perceived image fit. Consumer attitude depends, in turn, on initial brand associations, perceived category fit, perceived image fit and consumer innovativeness. Brand familiarity also shows indirect effects.

Consumers evaluate brand extension based on the similarity to the original product of such brand. If Nike made a TV, consumers would like for Nike in it, how sports and athletic centered the product is (it could be displayed through exclusive sport content with signed athletes), and not how much of a technological behemoth and how advantageous this TV is to the rest of the competition.

To answer the question "With brand extension as a proven working activity, to what extent does the marketing and advertising in particular make a contribution to the overall success?" with all data collected and analyzed, also based on the surveys marketing and advertising do play a role in brand extension. Potential consumers, who did not like or who remained neutral towards Mercedes, reacted mostly positively to the new product, hence proving that there is a positive effect on brand extension from marketing and advertising. Whereas consumers who initially liked Mercedes, did not react negatively to the campaign and stayed truthful to the initial brand loyalty.

What aspects of advertisement are crucial in brand extension success? It is apparent it is important to make sure that an extended product shares some features of the initial brand. In this case, the advertisement communicated the comfort and smoothness of Mercedes Couch, which did not seem ridiculous or overlap with a major Mercedes concept.

How to keep the positive effects of the brand while extending it to a new product line in an ad and/or during marketing campaign? The idea here is to outline those positive moments. The author of this paper does not have resources to go and try out same type

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of research on the global scale with real brand values on the line, but as far as consumer response is, it does seem that positive moments must not frustrate or scare a consumer.

With the help of great marketing some unrealistic and obnoxious ideas might actually work as well as good products. Also, well executed plans can easily fail because in the end it was not that something that connected with the consumers. For example, Coca-Cola Company decided that they want to attach health to the name, so they are going to realize a Coca Cola water, without using another name like as Bon Aqua and other ones the company uses all around the world. According to what has been said earlier, consumers when buying this water, would subconsciously connect it to the taste of a regular coke, and when they realize that the taste is off, they would decline in purchasing the product and possibly get disappointed with the brand overall.

For the future research in order to solve or attempt to find out about the topic it is important to have a larger scale of everything: resources, companies' insider marketing information about strategies and approach, time frame. Also, it may seem for more realism and more accurate data it might be needed to actually sell some prototype to a test group: it is great to conclude a research with potential buyer information based on responses to marketing, but how would consumers react to the same on if there was, for this instance, an actual retail version of Mercedes Couch? Would they buy it? That is some of the questions the author of this work would propose to future researches.

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9 APPENDICES

9.1 Product Description: Mercedes Couch

A lot of people find car seats especially those of expensive ones very comfortable. It is a great pleasure to sit back in the back of a Mercedes car, and just enjoy the ride, because the way Mercedes makes their card seats, you do not rush to get anywhere. Introducing a new Mercedes-Benz product: Mercedes Couch. Great comfort for your body, not temporarily, convenient, and home. Mercedes Couch: don't need to drive anywhere to enjoy.

Mercedes Couch has a design that resembles that of an interior of a car. It is also very much customizable like the car itself, it is a premium product, it costs more than competitions' product and is a definite premium over a regular couch.

The product would cost somewhat around $1000, depending on the final version of a customized product. Customization would not be limited to some specific sum and number of features, just like Mercedes the car.

Sit back with a feeling of superiority that you are used to.

///AMG

Mercedes-Benz

9.2 Mercedes Couch TV Commercial

In attempts to utilize some of the advertising skills the script for a mock up product was written.

TV SPOT MERCEDES COUCH

Client: Mercedes-Benz
Length:30
Title: Mercedes Couch

VISUALS/DESCRIPTION	AUDIO
Open at road in the mountains first person view from the driver seat as a vehicle cruises up the hill.	SFX: Car engine noise, background relaxing music can be heard
Cut to the view from the top as the car proceeds to drive.	SFX THROUGHOUT: Inaudible conversations sounds, light music playing in the background
Cut to the inside of a car, a man sitting in the backseat	
Classy man looks straight to the camera, he is dressed very classy: a black tuxedo and a bowtie	Classy man: Hey there, care to join me on this drive to the unknown in this fast and comfortable new Mercedes-Benz S500? Why wouldn't you?
Classy man proceeds talking from a different angle, grabs a glass of champagne	
Classy man makes a toast to the camera	Classy man: You think it's impossible? Maybe I am imagining things?
Classy man keeps talking to the camera.	
	Classy man: What if I told you, that you don't need mountains and champagne to relax like this?
All of a sudden classy man is sitting on a couch just wearing a tank top with sweatpants, having a glass of beer instead of champagne	SFX: All music and noises stop Classy Man: Why would you anyways? Now that I have my Benz in a living room

He puts a hand to his face and says delightfully.

SFX: Music resumes
Classy Man: Same comfort, in your comfort zone

Series of logos:
Mercedes-Benz
Social media links

9.3 Survey

Survey script:

Hello, my name is Igor, I am conducting a marketing research about a brand transferability.

Q1. Do you like Mercedes?

Q1.2. Do you drive a Mercedes?

Next the surveyed person listens to a short presentation that includes the problem statement, TV add, a picture of product, price.

Q2. Based on the marketing material that you were presented, do you like Mercedes Couch?

Q3. If you like Mercedes Couch is it because it is Mercedes?

Q4. If you do not like Mercedes Couch is it because it is Mercedes?

Q5. What feature is shared between the 2, what of Mercedes do you see and like in Mercedes Couch?

Q6. Do you still like Mercedes? (if Q1 yes and Q2 no)

9.4 List of Technical Terms

Glossary of abbreviations from the main body:

Brand Extension: creating a new product in a new category under the same brand.

Ansoff Matrix: a marketing model explaining product/market expansion.

NPD Group: American market research company.

IPO: Initial Public Offering.

TV script terminology:

SFX: Sound Effects.

VO: Voice Over.

ANNCR: Announcer.

CU: Close Up.

MS: Medium Shot.

LS: Long Shot.

SUPER: Super Imposed Graphic.

Cut: Editing technique.

Quick Cuts: Fast transitions b/w scenes.

B-roll: stock video footage.

Locked: Stationary camera.

PAN: Sweeping shot with camera stationary.

MUSIC UNDER & THROUGHOUT: Music Technique when sound gets under dialogue and continues through entire spot.

MUSIC BEGINS/MUSIC ENDS: Technique to signal music start/stop when music isn't throughout entire spot.