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DECLARATION

I, ..............................................................do hereby declare that this dissertation is a result of my own investigation and research, except to the extent indicated in the Acknowledgements, References and comments included in the body of the report, and that it has not been submitted in part or in full for any other degree to any other university.

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Student Signature Date

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Supervisor Signature Date
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ABSTRACT

Literature indicates that brand extension is a growth strategy employed by organisations in an attempt to enter new products categories, revitalise a brand, and improve brand visibility. It is further stated that brand extension can block off competition and in general improve the profitability of an organisation. However, this literature is largely restricted to experiences in other parts of the world. The purpose of this research was, therefore, an attempt to fill the research gap by investigating the impact of brand extension strategy on the sales performance of a Zimbabwean organisation. The research information and its application, based on a single case study design of Delta Beverages, were targeted at benefiting the corporate world, the country and the academic community.

Empirical data was obtained by means of face-to-face interviews conducted with sales and brand managers and focus group discussions conducted with beer consumers. Semi-structured questions were used to gather information from the respondents. A qualitative research philosophy was employed and the data collected was analysed through data displays in the form of content analytic summary tables.

The study concluded that the success of brand extension was limited at Delta Beverages due to lack of proper market research, poor product quality, unfavourable beliefs and attitudes held by consumers, negative consumer perceptions and competition. In light of these findings, it is recommended that the organisation: conduct market research prior to introducing any new products; improve and maintain quality; develop good relations with interested parties; collect market data; continue competing in the market.

Key Words: brand, brand extension, horizontal brand extension, vertical brand extension, brand equity, brand visibility.
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Chapter 1: Introduction

1.1 Background to the study

Branding, which is part of the marketing function, plays a vital role of building identification and differentiation within products and services for consumers (Hem and Iversen 2003). An organization has four brand strategies to select from and these include multi brands, introduction of a new brand, line extensions, or brand extensions (Kotler and Armstrong, 1996). Pride, Elliot, Rundel-Thielle, Waller, Paladino and Ferrell (2006) define brand extension as using an existing brand name for an improved or new product. Brand extension involves a firm using an established brand name to introduce a new product (Keller, 2003).

According to Buil, Chernatony and Hem (2009), advantages of brand extension are that it reduces the cost of communication, reduces the cost of brand name introduction and enhances the probability of success. Moorthi (2003) suggests that customers use established brands as quality indicators. In other words, they use a brand name as an indirect measure of quality. Taylor (2004) spells out the advantages of brand extension as being less risky and cheaper as compared to introducing a new brand. The existing well-known-strong brands represent a promise of quality.

The disadvantages of brand extensions are that they may change the beliefs about the parent brand and reduce the sales of the other products under the same brand which eventually results in the loss of equity (Buil “et al.” 2009). Viot (2007) suggests that extensions may lead to dilution of a company’s most valuable asset, its brand image. Aaker (2004), states that extensions can cannibalize the existing products of the brand when they are positioned in a close market.

Available literature on brand extension focuses mainly on European and North American experiences. Companies researched in the literature include Virgin, Sony and Caterpillar. There is, however, no brand extension literature on Zimbabwe and it is against this backdrop that this research aims to fill the research gap by assessing the impact of brand extension on alcoholic beverages sales by means of a case study of Delta beverages for the period stretching from 2012 to 2014.
Chapter roadmap
The rest of the chapter will cover the background of the case study organization which includes the problem that requires investigation; the problem statement which is a concise description of the issues that need to be addressed; the research objectives spelling out what the research aims to achieve; the research questions which set out what we hope to learn from the study; the research proposition which is a statement of fact stating a specific position which may be proven wrong or right when the research is completed; the research justification explaining the value of the study to targeted readers and finally the structure of the research outlining what each chapter of the research will address.

1.1.1 Background of the case study organization
Delta Corporation is a multi-operational organisation with interests in the manufacturing and distribution of beverages and the Agro Industrial sectors. It is one of the top quoted companies in terms of market capitalization on the Zimbabwe Stock Exchange. In the beverage business, the organisation manufactures and distributes lager beer, traditional sorghum beer and sparkling soft drinks. Lager beer manufacturing is responsible for brands that include Castle, Pilsener, Lion and Black Label, Traditional sorghum beer manufacturing is responsible for the Chibuku brand and sparkling soft drinks manufactures brands that include Coca Cola, Fanta, Spar-Letta and Sprite.

In the Agro Industrial sector the company is involved in the following activities:-
- Barley malting
- Manufacture of PET, injection and blow moulded plastic products.
- Food processing
- Manufacture and distribution of wines and spirits.

Delta Beverages is 100% owned by Delta Corporation a diversified organization with Beverages Manufacturing and Distribution and Kwekwe Maltings being the other wholly owned entities under the Delta Flagship. The organization as holds stakes in African Distillers (Pvt) Limited, Megapak Zimbabwe (Pvt) Limited, Food and
Industrial Processors (Pvt) Limited and Schweppes Zimbabwe Limited. Below Figure 1.1 shows the structure of Delta Corporation.

![Figure 1.1 Delta Corporation Group Structure](source: Adapted from Delta Corporation Annual Report (2013))

Under its alcoholic beverage manufacturing division, Delta has embarked on a brand extension strategy that has seen the introduction of Zambezi Lite, Castle Lite and
Castle Milk Stout under the lagers division and the introduction of Chibuku Super under the sorghum division.

Figures 1.2 and 1.3 below illustrate the lagers sales contributions by brand and by quarter for the F13 and F14 financial periods. F13 is the period from April 2012 to March 2013 and F14 from April 2013 to March 2014.

**Figure 1.2 F13 Lager sales contributions by brand and quarter**
Source: Delta sales cubes (2014)

**Figure 1.3 F14 Lager sales contributions by brand and quarter**
Source: Delta sales cubes (2014)
The problem for Delta is that the contributions to total sales of Castle Milk Stout and Zambezi Lite were 0% for all quarters in the two financial periods. Castle Lite had an averaging contribution of 2% over the two financial periods. This indicates a failure to perform on the part of the extensions. Could it be that a contribution of 0% for Castle Milk Stout can be attributed to local consumers upholding the attitude and belief that dark beer is associated with equatorial African and European consumers and they are not willing to accept as a normal drink of choice or there are other factors at play? Can the contribution of 0% for Zambezi Lite be attributed to the fact that consumers perceive to be a non-alcoholic beer due to its low alcohol content, which however is the whole point of it being a lite beer, or there are other considerations? Finally, could it be that there is a price war between Delta and cross border traders with regards to Castle Lite since Delta has resorted to importing Castle Lite from South Africa due to perceived inferior quality of the locally brewed product by consumers?

1.2 Problem statement
As cited in section 1.1 above, literature indicates that brand extension involves using an existing brand name for an improved or new product. The literature also in part alludes to the fact that brand extension will result in the enhanced probability of success of a product and that an existing well-known-strong brand represents a promise of quality.

The background of the case study organization (section 1.1.1) indicates that Delta Beverages adopted a brand extension strategy that saw the introduction of brands that include Zambezi Lite, Castle Lite and Castle Milk Stout. However, contrary to literature, Delta’s extensions do not entirely exhibit the positive aspects associated with brand extension. Zambezi Lite and Castle Milk Stout have not actually fared very well in the market exhibiting subdued sales volumes whilst Castle Lite has had quality issues resulting in the importation of the product from neighbouring South Africa.

Did Delta implement the brand extension strategy in line with literature? Where there any hindrances to the successful implementation of the strategy? What should Delta
do to enjoy the benefits of brand extension? The research problem is therefore to establish how Delta can benefit from brand extension in line with the advantages mentioned in prior literature.

1.3 Research objectives
This research therefore seeks to achieve the following objectives;

1. To establish how brand extension was implemented by Delta Beverages.
2. To establish the hindrances to the successful implementation of brand extension strategy at Delta Beverages.
3. To determine the benefits drawn from brand extension.
4. Ascertaining whether conditions are favourable for Delta to implement the brand extension strategy.
5. To recommend measures that are required to ensure that Delta Beverages benefits from brand extension.

1.4 Research questions
The study will seek to answer the following research question:-

1. How was the brand extension strategy planned and implemented at Delta Beverages?
2. What were the major obstacles to the brand extension strategy?
3. To what extent did Delta benefit from brand extension?
4. Are conditions at Delta favourable for the successful implementation of brand extension?

1.5 Research Proposition
“The success of brand extension has been limited at Delta as a result of negative consumer perceptions, unfavourable attitudes and beliefs and poor product quality issues”.

1.6 Justification
Brand extension has been addressed differently by a number of authors but however, most of them are of the opinion that it is a very important marketing strategy tool (Kushwaha 2012). In an economy that has seen an influx of foreign produced goods, mainly from South Africa, local manufacturers need to adopt strategies that lead to the expansion of their operations in order to achieve maximum
capacity utilization. Brand extension is one such strategy that companies can adopt in order to appeal to new categories in the market. It will entail huge savings in relation to advertising and promotion and enhances the probability of success of the products.

It being the first study to be undertaken in the country in the beverage manufacturing sector, the study will contribute to the general understanding of the subject area from a Zimbabwean perspective. The researcher, an employee of Delta, will be equipped with the relevant knowledge of brand extension in the field of marketing. Delta Beverages will benefit from the findings of this study through better understanding and implementation of the brand extension strategy thereby aiding future decisions that pertain to the introduction of extensions of other product lines. Lastly the academia in general will benefit from the research through utilizing the findings of this research.

1.7 Structure of the Dissertation

Chapter 1
This chapter covers the introduction of the research. The chapter also gives a background of the study and case organization, the problem statement, the objectives, the research questions, the research proposition and justifications of the research.

Chapter 2
Literature review will be addressed in this chapter. The chapter examines the current scholarly work on the subject matter that has been carried out by other researchers.

Chapter 3
This Chapter outlines the methodology that will be used in carrying out the research. The research design, the justification for a single case study approach, data collection, data sources and data analysis methods will be discussed in this chapter.
Chapter 4
In this chapter, the case study research findings will be presented and discussed. The theoretical framework from chapter two will be applied in explaining the results obtained from the case study.

Chapter 5
This chapter will make interpretations and conclusions for the research as well as propose recommendations, outline the research limitations and suggest areas for further research.
Chapter 2: Literature review

2.1 Introduction
This chapter of the research examines the current scholarly work available on brand extensions. It seeks to discuss the brand extension phenomenon, its implementation and the perceived benefits associated with it. It is not merely a summation of the existing work. Its purpose is to analyse critically the applicable published body of knowledge in order to establish the current knowledge of the topic being researched and to identify gaps or flaws that may exist in the literature. According to Taylor and Procter (2008), a literature review must do these things:

- be organized around and related directly to the thesis or research question being developed;
- synthesize results into a summary of what is and is not known;
- identify areas of controversy in the literature;
- formulate questions that need further research.

In this section of the research, literature will be categorised into five main areas; definition of terms, classification of brand extension, advantages of brand extension, pitfalls of brand extension, brand equity and finally the conceptual framework. The chapter concludes with a summary of the literature and a critique of prior literature.

2.2 Definitions

2.2.1 Brand
Kotler “et al.” (1999), define a brand as a name, term, symbol, sign or design, or a grouping of these, with a planned purpose of identifying the goods and or services of one seller or group of sellers and to differentiate them from those of competitive rivals. Similarly, the American marketing association, (as cited in Kumar, 2014) defines a brand as a name, term, symbol, sign, or design, or grouping of them intended to encourage potential buyers to differentiate a manufacturer’s product from those of competitors.

Ambler and Styles, (as cited in Kumar, 2014), proffer two different views of defining a brand. One is the product plus view and the other is the holistic view. The former refers to a brand being seen as an addition to the product while the later
communicates the focus on the brand itself that is considered to be much more than just the product. According to Kotler and Keller (2006), brands play a role of identifying the source or maker of a product and allow consumers to assign responsibility to a particular manufacturer or distributor. Brands also simplify product handling and tracing for firms.

2.2.2 Brand extension
Brand extension as a growth strategy has been employed by many companies. Its popularity has increased in recent decades and it has also caught the attention of the academic fraternity. Brand extension is defined as using a successful brand name to launch a new or modified product in a new product category (Dahlberg et al., 2004). Chen and Liu (2004), describe brand extension as a strategy to launch new products within a current product class or outside a product class, with or without the corporate brand of the company. Kotler “et al” (1999), define brand extension as any effort to use a successful brand name to launch new or modified products in a new category.

According to Aaker and Keller (cited in the Asian Economic and Financial Review, 2013), the success of a brand extension often depends on certain assumptions about consumer behaviour such as:

- consumer hold positive beliefs and favourable attitude towards the original brand in memory;
- these positive associations facilitated the formation of positive belief and favourable attitudes towards the brand extension;
- negative associations were neither transferred to nor created by the brand extension.

These assumptions, however, are not backed by any research that provides guidance that they are valid.

According to the Asian Economic and Financial Review (2013), the influential work by Aaker and Keller (1990), was the first logical research on consumer behaviour towards brand extension. Their research was later duplicated by other researchers but their focus was mainly on Europe and America (industrialised countries).
According to Peter, 1989; Aaker, 1991; Keller, 1993 (cited by Jia and Jing, 2012), brand extension has been addressed by a number of researchers with some of them holding the opinion that brand extension can be broadly classified into two general categories. These are vertical extension and horizontal extension. These will be discussed when addressing classification of brand extension. According to Hamish and Peter (2008), other researchers classify brand extensions into 3 types: range extension, line extension and brand extension. Tauber (cited by Jia and Jing, 2012), studied 276 brand extension cases and came up with 7 types of categories to understand different ways of brand extension, with the aim of showing the numbers of possibilities in brand extension depending on company’s products and customer franchise. These contrasting views highlight different approaches adopted by numerous academics in classifying brand extension strategy.

2.3 Classification of brand extension
Brand extension classifications are shown below.

Figure 2.1 Brand extension classifications
Source: Keller (2003)

2.3.1 Horizontal brand extension
According to Kim and Lavack, (2001), horizontal brand extension involves dealing with factors when an existing brand is an application on a new product in a new category for an organization. Tauber (1981); Keller (2003) concur that horizontal
extension includes line extension and category extension. Line extension involves the parent brand being used to introduce a new product within a product category currently served by the parent brand. Category extension, on the other hand, involves making use of the parent brand to enter a different product category moving from the one that would be currently served by the parent brand (Keller, 2003). Line extension has been discussed in the studies of a number of scholars that include Kim and Sullivan, 1998; Kim and Mary, 1998; Rise, 2009; Ina, 2010 (cited in Jia and Jing, 2012). Category extension, on the other hand, has not received such attention.

2.3.2 Vertical brand extension
Vertical brand extension is concerned with the introduction of a similar brand to the same product category but at a different quality and price level (Kim and Lavack, 2001). According to Xie (2008), vertical brand extension can be divided into up-scale and down-scale brand extension. Up-scale extension refers to a higher quality and higher price point as compared to the parent brand. Whereas, down-scale extension means extending a brand with lower quality and price.

2.4 Advantages of brand extension
Wobben (2007), views brand extension as a way for companies to seek growth while introducing a new product. Using an existing brand name can substantially reduce the risk of introducing new product and thus enhance the opportunity growing profits. According to Kevin, (2003), well-implemented extensions can offer a number of advantages to companies. These include reduced cost of developing a new brand, increase in efficiency of promotional expenditures and packaging and labelling efficiencies.

According to Kotler “et al.” (1999), brand extensions offer a number of benefits. Firstly, they capture greater market share and realize greater advertising efficiency than individual brands. Secondly, a well-regarded brand name helps the company enter new product categories with relative ease as it gives a new product instant recognition and faster acceptance. Keller (2008, p, 498), says “From a marketing communications perspective, one obvious advantage of introducing a new product as a brand extension is that the introductory campaign does not have to create
awareness of both the brand and the new product but instead can concentrate on only the new product itself”.

Taylor (2004), emphasizes the advantages linked to brand extension rather than brand creation as the following:

- Consumer knowledge: it is less critical to create awareness and imagery when the remaining strong brand is used to promote a new product. The main task is to communicate the specific benefits of the new product;
- Consumer trust: the existing well-known brands represent a promise of quality and useful features for the consumer. Thus, the extension will benefit from this reputation and good opinion about the brand to create a convincing value proposition in a new segment or market.
- Lower price: compared to launching a new brand, a brand extension is cheaper because the new product makes use of the name of an already well-known brand. Kapferer (1993), supports this idea as she mentions that brand extension can also reduce the cost of launching a new product.

Aaker (2004), poses some advantages that are similar to those given by Taylor and these include:

- Enhanced brand visibility: brand extension offers a more effective and efficient brand-building approach when a brand is introduced into a new field as opposed to spending money on advertising.
- Source of energy for a brand: the image of a brand that appears tired in the market place can be reinforced by the extension. Customers are able to see the brand name more often strengthening their idea that it is a good one.
- Defensive strategy: a brand extension can prevent competitors from gaining a foothold in the market and it can be advisable to maintain it even though it might not perform well.

The successes of brand extensions have been widely discussed by many scholars but practical domestic cases need to be revealed in order to show convergence.
2.5 Pitfalls of brand extension
The probability of success of brand extensions is uncertain and unpredictable. As put across by Buil “et al.” (2009), the pitfalls of brand extension are that it may change the beliefs about the parent brand and reduce the sales of the other products for same and brand which ultimately cause the loss of equity. Kotler “et al.” (1999), allude to some risks associated with brand extensions. Certain brand names may not be appropriate for the new product. Examples of product failures associated with this challenge include Heinz pet food and Cadbury soup.

Cannibalisation of the parent brand’s sales may also result. Cannibalization refers to a process whereby a new product in an extension is launched in all too close function or with similar attributes that it ends up competing with an existing product in the same segment or range (Srinivasan “et al.”, 2005). Aaker (2004), concurs with this view by stating that extensions can cannibalise the existing products of the brand when they are positioned in a close market. As the sales of the extension increase, those of existing brands decrease with the positive sales figures of the extension not being able to compensate for the damaged caused to the original brand’s equity. Taylor (2004), as well agrees with the other authors with regards to this risk and refers to it as the creation of brand clones whereby there is little to differentiate the products under the brand.

Brand extension may bring down consumers’ trust and belief in the brand name (Ian, 2010). An example is of Coca-Cola, who in an attempt to compete with its biggest competitor Pepsi, introduced new flavour coke in the 1980s, but customers didn’t like the new coke which resulted in the decrease of the sales of original taste coke.

Extensions can result in dilution of the parent brand image. According to Kotler and Keller (2006), brand dilution results when consumers stop associating a brand with a specific product or products that are highly comparable and start having a lesser view of the brand. Viot (2007) proffers the notion that dilution of the brand image can be caused by the occurrence of undesirable associations or by the weakening of the existing associations. Aaker (2004, p. 211), supports her notion by alluding to the fact that “the associations created by an extension can fuzz a sharp image that had
been a key asset, and at the same time reduce the brand’s credibility within its original setting”.

### 2.6 Brand equity

According to Keller (2003), branding is all about creating differences. Brand equity is the term used to refer to the power of a brand. High equity of brand is made up of brand association, brand loyalty, brand quality and brand awareness (Pappu “et al.” 2006). Buil “et al.” (2009) also suggest that a high equity brand relishes positive associations, more recognition, high perceived quality and more loyal consumers. Aaker (1991) defines brand equity as a collection of brand assets and liabilities connected to a brand, its name and symbol, which add to or subtract from the value provided by a product to a firm and/or that firm’s customers. Kotler and Keller (2006), simply define it as the added value awarded to products and services.

Pappu “et al.” (2005), suggest that defining brand equity could be categorised into two with each definition depending on which aspect it is viewed. Firstly, it can be viewed financially, relating to the value of the brand to the firm and secondly from a consumer perspective paying attention to how consumers perceive the brand. Ilias and Anastassios (2010), agree with this view as they define brand equity into a consumer based view and a company based view. They go on further to assert that the consumer based view is popular as a result of the importance markets give to the brand evaluation from the consumer’s point of view. Elliot and Percy (2007), also concur as they view brand equity from a consumer perspective as they believe that is what ultimately will result in increased brand success. It is therefore argued that the sense of added value among consumers will influence preferences for a particular brand thus denoting financial brand equity as a consequential result of customer based brand equity.

Armstrong and Kotler (2004), put across the notion that brand equity provides a company with many competitive advantages like customer loyalty and successful extension. However, Volckner and Sattler (2006) do not concur with Armstrong and Kotler. They argue that brand equity is not a prerequisite for a successful extension. They argue that brand extensions do not assure success on the basis of only the
brand name. They go on to assert that parent brand characteristics that include the consumers’ parent brand experience and conviction are responsible for extension success.

### 2.6.1 Brand equity models

Kotler and Keller (2006, p. 278-281), suggest that although there is agreement pertaining to basic principles relating to brand equity, there are models that offer different perspectives. Four of these are discussed below.

1. **Brand Asset Valuator Model**

This model was developed by an advertising agency called Young and Rubicam. The Brand Asset Valuator (BAV) model is used to provide comparative measures of brand equity of numerous brands across a number of different categories. It is made up of four key components or pillars and these, according to Kotler and Keller (2006), are:

- Differentiation;
- Relevance;
- Esteem;
- Knowledge.

Differentiation measures the degree to which a brand varies from others. Relevance measures the coverage of a brand’s appeal. Esteem measures how well the brand is viewed and respected. Knowledge measures how accustomed and close consumers are with the brand.

Differentiation and relevance combine to determine the strength of a brand pointing to the brand's future value, instead of just reflecting its past. Esteem and knowledge combine to create brand stature, which in essence is a report on past performance. An examination of the relationships among these four pillars reveals much about a brand’s current and future status.

Brand strength and brand stature can be combined to form a Power Grid that illustrates the stages in the cycle of brand development. Each grid has its characteristic pillar patterns. New brands show low levels on all four pillars. Strong
new brands tend to show higher levels of differentiation than relevance, while both esteem and knowledge remain low. Leadership brands show high levels on all four pillars. Declining brands show high knowledge compared to a lower level of esteem, and even lower relevance and differentiation. The BAV Power Grid is illustrated below.

**Figure 2.2 BAV Power Grid**

**Source:** Kotler and Keller (2006).

2. BRANDZ Model

This model was developed by marketing research consultants, Millward Brown and WPP, (Kotler and Keller, 2006). It measures the strength of a brand. At its core, we find the BrandDynamics pyramid. Brand building involves a sequential series of steps, where each step is dependent upon the successful completion of the previous step. The objectives at each of the steps, from the bottom going up, are as follows, (Kotler and Keller, 2006):

I. Presence;
II. Relevance;
III. Performance;
IV. Advantage;
V. Bonding.
Bonded consumers are at the top of the pyramid and have built strong relationships with the brand. Majority of consumers, however find themselves at the lower levels of the pyramid.

3. Brand Resonance Model
This model is similar to the “BRANZ” model, mentioned above, in that it also has the opinion of brand building as a bottom-up, sequential series of steps. These, according to Kotler and Keller (2006), are as follows:

I. making sure that there is identification of the brand with customers and an association of the brand in the minds of customers with a specific product class or customer need;

II. resolutely creating the totality of brand meaning in the minds of customers by tactically joining a host of tangible and intangible brand associations;

III. instigating the correct customer responses in terms of brand-related judgment and feelings;

IV. transforming brand response to form an intense, active loyalty relationship between the customers and the brand.

Endorsing the four steps involves establishing six brand building blocks, assembled in terms of a brand pyramid, with customers. The model emphasizes the duality of brands. As illustrated in figure 2.2 below, the rational route to be taken in order to build a brand is the left-hand side of the pyramid, while the emotional route is the right-hand side.
The creation of substantial brand equity entails reaching the pinnacle of the brand pyramid, and will occur only if the right building blocks are put into place. Each of the building blocks is explained below.

- **Brand salience** relates to how easily and often the brand is proposed under various purchase or consumption situations.
- **Brand performance** is concerned with how the product meets customers’ useful needs.
- **Brand imagery** addresses the extrinsic properties of the product or service. It also addresses the manner in which the brand tries to meet customers’ psychological or social needs.
- **Brand judgments** focus on customers’ own assessments and personal opinions.
- **Brand feelings** talk about a customer’s emotional responses and reactions associated with the brand.
- **Brand resonance** addresses the nature of the relationship that customers have with the brand and the degree to which they feel that they are in line with the brand.
4. Aaker Model

As mentioned earlier, Aaker is of the opinion that brand equity is a collection of five categories of brand assets and liabilities linked to a brand, its name and symbol, which add to or subtract from the value provided by a product to a firm and/or that firm’s customers. The categories of brand assets are:

- brand loyalty;
- brand awareness;
- perceived quality;
- brand associations;
- other proprietary assets such as patents, trademarks, and channel relationships.

According to Aaker (1991), brand awareness refers to the ability of a consumer to identify that a brand is a member of a certain product category. Brand loyalty is a fundamental aspect of brand equity which is a measurement of the attachment that a customer has to a brand. Keller (1998) alludes that brand loyalty is often measured in a behavioural sense through the number of repeat purchases. Assael (1998), however, suggests that repeat purchases of a brand may not represent commitment but merely acceptance of the brand. Loyalty reflects the likelihood of a customer changing to another brand especially if there is a change in price.

Perceived quality, according to Aaker (1991), refers to the customer's cognizance of products' superior quality in relation to other products. Aaker (1991) defines brand association as anything linked in memory to a brand. He further notes that brand association can provide a basis for an extension as it involves product attributes or benefits to consumers that provide reasons to purchase and use the brand resulting in consumer purchasing the extended product because of the fit between the brand name and a new product.

Below is an illustration of Aaker brand equity model adopted from the European institute for brand management. It provides insight into the criteria that indicate to what degree actual value is created with both the consumer and the company as a result of having a brand policy in place.
According to Kotler and Keller (2006), a particularly important concept according to Aaker for building brand equity is brand identity. He is of the opinion that brand identity consists of 12 dimensions organized around 4 perspectives:

- **brand-as-product** which covers product scope, product attributes, quality, country of origin, uses, users;
- **brand-as-organization** encompassing organizational attributes, local versus global;
- **brand-as-person** covering brand personality, brand-customer relationships;
- **brand-as-symbol** which relates to visual imagery and brand heritage.

Aaker goes on to conceptualise brand identity as including a core and an extended identity with the core remaining constant as the brand moves into different markets and the extended identity including various elements, arranged into cohesive and meaningful groups (Kotler and Keller, 2006).
2.7 Conceptual framework

![Conceptual framework diagram]

**2.7.1 Study Variables**

A variable refers to any entity that can assume one or more different values. An operational definition spells out a variable as a set of specific operations that are measured or manipulated.

**Independent Variables**

Independent variables refer to variables that can be manipulated by the researcher. They describe what is expected to influence outcomes are connected to the dependent variable which measures the outcome of a study. Independent variables allow one to compare the outcomes for different treatments. In operation, this variable translates an abstract concept into a tangible, observable form in an experiment. A study can have one or more than one independent variables.
Dependent Variables

Dependent variables represent the outcome of interest that is observed and measured by the researcher. They reflect different outcomes for different experimental conditions and are influenced or changed by the independent variable. The dependent variable should be selected so that one can make a conclusion about the experiment in relation to the declared goal.

Extraneous Variables

These are other contributing factors which unintentionally influence the results of an experiment, but are not the subject of the study. They introduce unwanted variation that reduces the chance of detecting the systematic impact of the independent variable. Extraneous variables become confounding variables when their values change systematically along with the independent variable in an experiment.

2.8 Conclusion

This chapter focused on literature pertaining to brand extension and its related aspects available from experiences in the industrialised countries, mainly Europe and America. The literature, however, does not address the research objectives outlined in chapter 1 hence this study is aimed at addressing brand extension concerns from a Zimbabwean perspective paying particular attention to alcoholic beverage manufacturing industry. The conceptual framework in Figure 2.4 above guides this research.
3.1 Introduction
This chapter examines the research methodology employed in conducting this study. It consists of three main sections which will discuss the research design, data collection and data analysis methods. The first section will cover the research approach and strategy employed in the study with justifications provided. The second section examines the sampling activities, various data sources and research instruments used to obtain data. The final section of the chapter discusses the data analysis methods used for the study.

3.2 Research design
The logical sequence connecting the empirical data to the study’s initial research questions and ultimately to its conclusions is referred to as the research design (Yin, 2003). The research design provides guidance for the researcher in the process of collecting, analyzing and interpreting observations, permitting inferences concerning causal relations among the variables under investigation to be drawn.

Elements of the research design will be discussed in greater detail in the subsequent sections of this chapter.

3.2.1 Research approach
Leedy and Ormrod (2001) define research as the process of collecting, analysing, and interpreting data in order to understand a phenomenon. Research can be carried out by either using the qualitative or quantitative approach (White, 2000). Research can however be carried out using both qualitative and quantitative approaches and this is referred to as triangulation. Denzin (1978) defines triangulation as the combination of methodologies in the study of the same phenomenon.

3.2.1.1 Quantitative/Deductive approach
Saunders et al., (2003) state that quantitative research refers to research that includes numerical data or data that can be valid to answer some research questions. Creswell (cited in Williams, 2007), states that quantitative research employs strategies of inquiry such as experiments and surveys, and collect data on
prearranged instruments that yield statistical data with finds either being predictive, explanatory, and confirming. According to Burns (1997), the main advantage of using this approach lies in precision and control. The main disadvantage, however, is that the results provide less detail on human behaviour, attitudes and motivation.

3.2.1.2 Qualitative/Inductive approach
Qualitative approach occurs in a natural setting enabling the researcher to develop a level of detail from being highly involved in the actual experiences (Creswell, 2003). Saunders et al. (2000), suggest that this approach focuses on the meanings that research subjects attach to social phenomena. They go further to say that a small sample of subjects is appropriate as opposed to a large sample and a variety of data collection methods are used so as to establish different views of the phenomena under study.

The qualitative approach offers a profounder understanding of social phenomena as compared to what would be acquired from entirely quantitative data (Silverman, 2000). However, the responses may be at times complex. Saunders et al. (2000) point out the fact that data collection can be time consuming and analysis of that data is difficult as a result of its qualitative nature.

3.2.1.3 Choosing the suitable approach
Mark “et al.” (2005) view the key difference between quantitative and qualitative methods as lying in their flexibility with quantitative methods being fairly inflexible. This is highlighted by the close-ended response categories for quantitative methods like surveys and questionnaires which ask respondents identical questions in the same order. However, this inflexibility permits meaningful comparison of responses. Denzin and Lincoln (2005) are of the opinion that qualitative research produces rich, comprehensive and valid data that contributes to thorough understanding of the context. Quantitative research on the other hand produces dependable population based data that clarifies cause and effect relationships.

Mark “et al.” (2005) suggest that the qualitative approach is more flexible allowing more freedom and adaptation of the interaction between the respondent and the researcher. Through the use of open-ended questions, researcher is able to probe
In the responses, further asking ‘how’ and ‘why’ questions and respondents are awarded the chance to respond in their own words instead of coercing them to select from fixed responses as quantitative methods require. The relationship between the researcher and the respondent is often less formal than in quantitative research with respondents having the opportunity to respond more elaborately and in greater detail. It is against the backdrop of this information pertaining to qualitative research that this study employed a qualitative approach.

Personal interviews and focus group discussions were pertinent to the study which adopted a single case study approach. Personal interviews allowed the researcher to gain an in-depth understanding of brand extension at Delta Beverages. Focus group discussions gave a group generated perspective on aspects pertaining to the brand extensions. Personal interviewing and focus group discussions are both methods of collecting data under the qualitative approach.

### 3.2.2 Research strategy

Yin (2003) proffers ways of conducting research and these include case studies, history, the analysis of archival information, experiments and surveys. Each strategy has its advantages and disadvantages but these are dependent on:

- the type of research question;
- the ability of the researcher to control behavioural events;
- focus on present-day as opposed to historical phenomena.

Saunders et al. (2000) concur with Yin but also include action research, grounded theory and ethnography as research strategies available to researchers.

Below is Table 3.1 that illustrates relevant situations for different research strategies.
Table 3.1 Relevant situations for different research strategies

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Form of research question</th>
<th>Requires control of behavioral events</th>
<th>Focuses on contemporary events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiment</td>
<td>how, why?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Survey</td>
<td>Who, what, where, how many, how much?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Archival analysis</td>
<td>Who, what, where, how many, how much?</td>
<td>No</td>
<td>Yes/no</td>
</tr>
<tr>
<td>History</td>
<td>how, why?</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Case study</td>
<td>how, why?</td>
<td>no</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: (Yin, 2003).

The research involves “how” and “why” questions concerning a contemporary set of events. The researcher has little or no control over these events. From the above Table 3.1, this is in line with a case study, hence a case study was employed for this study. The main aim of this research was to answer “how” and “why” questions on brand extension at Delta Beverages. These “how” and “why” questions enabled further probing of respondents.

Case study

Creswell (2003) suggests that in a case study, the researcher conducts an in-depth exploration of a program, an event, an activity, a process, or one or more individuals. Leedy and Ormrod (2001) in addition, require a case study to have a defined time frame. They state that a case study attempts to learn more about a little known or poorly understood situation. Creswell (1998) suggests that data collection for a case study is extensive and draws from multiple sources such as direct or participant
observations, interviews, archival records or documents, physical artefacts, and audio-visual materials with the researcher required to spend time on-site interacting with the people studied.

**Critiques of case studies**
Yin (2003) points out the fact that case studies lack precision. Lack of precision is not common with other strategies because of the availability of numerous methodological texts that have specific procedures which can be followed by researchers. Wegner (2003) also points out that case studies do not represent a sample but rather aim on expanding and generalising theories.

Yin (2003) again suggests that case studies offer little basis for scientific generalization. They are, however, generalizable to theoretical suggestions and not to populations or universes. This is similar with experiments. White (2000) however, offers a defence for using case studies. His view is that people fail to differentiate a case study research from case study teaching whereby a case study teaching may involve making changes to the research material in order to demonstrate a concept more effectively, which however is not acceptable in case study research.

The case study method was selected because it permitted the researcher to explore, in a historical, complete and current way, the key research questions. The case study research strategy, according to Silverman (2000), enabled the researcher to obtain an in-depth knowledge of the brand extension strategy employed by Delta Beverages. It also proved favourable due limited time and financial resources to conduct the research.

The case study strategy was suitable because the research employed a qualitative approach which makes use open-ended questions allowing the respondents to respond in their own words thereby providing more detail. The flexibility associated with the qualitative approach allowed the researcher to probe the respondents. It enabled the researcher to further ask “how” and “why” questions. The case study strategy employed with qualitative research produces rich, comprehensive and valid data that contributes to thorough understanding of the context.
3.3 Data collection

3.3.1 Population
A population is defined by Yin (2003) as simply being a group of individuals of importance to the researcher’s investigation. Target population is the specific complete group relevant to the research project. In this research, the target population included Sales and Brand Managers drawn from Delta Beverages’ lagers division and beer consumers drawn from Harare and Mashonaland Central provinces. The reason for selecting the Sales and Brand Managers was that they are responsible for drafting and overseeing the execution of sales plans by brand for their respective territories. In-depth knowledge pertaining to the brand extensions being studied could be drawn from these individuals. The beer drinkers provided information pertaining to their views in relation to the brand extensions.

3.3.2 Sampling procedure
Sampling involves the selection of a small group of individuals from whom data is collected for generalizations to a larger group of people. Sampling can either be probability or non-probability sampling. According to Mark et al. (2005), qualitative research requires only a sample of a population chosen for any given study with the objectives of the research and the features of the population under study determining which and how many people to select. Qualitative research makes use of non-probability sampling methods. These include convenience, judgmental or purposive, quota and snowball sampling. Probability sampling methods, associated with quantitative research, include simple random, stratified, systematic, cluster and multistage sampling.

Judgemental/purposive sampling
This study made use of judgmental or purposive sampling. Where purposive sampling is used, participants are grouped according to preselected criteria which are relevant to a particular research question (Denzin and Lincoln, 2005). Prior to data collection, sample sizes, which may or may not be fixed, depend on the resources and time available, as well as the study’s objectives. It is most successful when data review and analysis are done in conjunction with data collection (Mark et
al., 2005). This method enabled the researcher to select Sales and Brand Managers who had in-depth knowledge pertaining to the brand extensions under study.

3.3.3 Data sources
There are two sources of data that are useful in research and these are primary sources and secondary sources. Wegner (2005) defines secondary data as data that has been already collected for a purpose other than the problem at hand. Secondary data can usually be found more quickly and cheaply than primary data. Primary data is collected directly from the elements of the population to answer specific research objectives. The research used both primary and secondary data sources. Primary data was collected through personal interviews and focus group discussions. An interview guide was used as the research tool for the personal interviews while a focus group discussion guide was used for focus group discussions. Secondary data was collected from the company’s reports.

3.3.4 Research instruments

3.3.4.1 Semi-structured questionnaires
These are used to collect primary data. The research made use of semi-structured questionnaires. According to Miller and Salkind (2001) a questionnaire that is designed well can collect information on both the overall performance of the test system as well as information on exact constituents of the system. As the researcher has limited control over the environment, when dealing with questionnaires, the validity of the results is more reliant on the honesty of the respondents (Miller and Salkind, 2001).

Semi-structured questionnaires were selected because they contain questions that can be asked in a style that directs respondents into definite channels without actually suggesting responses (Payne, 1951). This addresses the challenge of analysing data which results from the large variety of answers that may be provided for any one question. Questionnaires also provide anonymity enabling respondents to be comfortable to answer any question without bias or feeling any pressure and generally, questionnaires are inexpensive. Payne (1951) however suggests that questionnaires do not provide an opportunity for the researcher to clarify questions,
verify that answers are understood, seek clarification of answers or ensure that the respondent answers all the questions.

### 3.3.4.2 Personal interviews

Wegner (2005) defines an interview as a series of questions that a researcher addresses personally to respondents. This research made use of an interview guide with semi-structured and open-ended questions. Pre-testing of the interview guide was done before use in order to establish usability. In all cases, the face-to-face interviews were conducted with Sales and Brand Managers from Delta’s lagers division.

Personal interviews provided the advantage of further probing allowing the researcher to acquire in-depth information. Non-verbal responses were noted and the researcher was able to make immediate responses. The researcher circumvented the disadvantages associated with interviews by personally conducting the interviews thereby eliminating the possibility of bias and high costs.

### 3.3.4.3 Focus group discussions (FGDs)

This is a research technique that collects data through group interaction on a topic determined by the researcher (Morgan, 1997). FGDs capitalised on group dynamics and allowed a small group of respondents to be guided by a skilled moderator into increasing levels of focus and depth on the key issues of the research. FGDs can be completed more quickly and are generally less expensive than a series of personal interviews.

FGDs provided the advantages of encouraging individuals to speak more freely and the views of more than one individual were collected. The researchers’ facilitation skills prevented the group from being dominated by one or two individuals and individuals were encouraged to put across their personal views without any bias.

### 3.4 Data analysis

The quality of data is influenced by the type, source and methods of data collection (Wegner, 2003). According to Neumann (2006), there is no standard format in data analysis when it comes to qualitative research. The researcher interpreted findings
from the respondents through the use of detailed descriptive tables. As suggested by Miles and Hurberman (1994), data was analysed by going through all the questions and establishing common themes, patterns and relationships.

3.5 Conclusion
This chapter examined the qualitative methodology that was employed in this research. This included the case study strategy, sampling method used to select respondents and the data collection tools used in the data collection process. Primary and secondary data sources were used in the study. In the chapter that follows, the researcher discusses and analyses the findings of the research that was carried out in line with this chapter.
Chapter 4: Results and discussion

4.1 Introduction
Research findings from the interviews and focus group discussions are presented in this chapter. The results are analysed through the use of content analytic tables. The results in the tables were explained followed by a discussion of the implications and the link to literature. The chapter comprises of two sections that summarise the responses of the face-to-face interviews conducted with the Sales and Brand Managers and group discussions conducted with beer consumers. The chapter will conclude with a summary of the findings from the responses of the interviews conducted with the Sales and Brand Managers and responses captured from participants in the focus group discussions.

4.2 Part A: Sales and Brand Managers
Face-to-face interviews were carried out with two Sales and two Brand Managers from Delta Beverages’ lagers northern division. The Sales Managers are responsible for coming up with sales plans and overseeing their execution and the Brand Managers oversee brand performance and activities associated with the brands. The questions poised to these respondents were divided into 5 sections which included sections:

A. Demographic information

B. Implementation and planning of the brand extension strategy.

C. Hindrances to the successful implementation of the brand extension strategy.

D. Benefits drawn from brand extension.

E. Availability of favourable conditions for implementing the brand extension strategy.

4.2.1 Section A: Demographic information
Table 4.1 summarises the demographic information of the respondents that were interviewed.
Table 4.1 Demographic Information of the respondents

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Age of respondent (years)</th>
<th>Professional / academic background</th>
<th>Number of years employed by Delta Beverages</th>
<th>Number Of Years In Current Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Manager Mashonaland Central</td>
<td>36-45</td>
<td>Marketing</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>Sales Manager Harare North</td>
<td>25-35</td>
<td>Business studies</td>
<td>20</td>
<td>4</td>
</tr>
<tr>
<td>Castle Brand Manager</td>
<td>36-45</td>
<td>Marketing</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Premium Brand Manager</td>
<td>46-55</td>
<td>Marketing</td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>

The respondents interviewed were all mature adults having served the organization for more than five years. This indicated that they all had a strong understanding of the operations of the organisation as a result of the number of years they had served within the organisation. The respondents, comprising two Sales Managers and two Brand Managers, enabled the researcher to obtain rich information from the various perspectives.

4.2.2 Section B: Implementation and planning of the brand extension strategy.

The interviews began with the researcher defining brand extension with the definition being the one from Pride et al (2006) cited in Chapter 1. The researcher explained the purpose of the research to the respondents and the value of their responses. A brief explanation of the expectations from each section of the interview guide was given by the researcher in order to ensure that the answers given where linked to the subject matter.

Question 1: For some time, Delta has employed brand extension as a strategy/approach of introducing products under existing brand names. Which individuals in your organisation are responsible for making such brand strategy decisions and why? Please explain.
Table 4.2 Strategic decision making

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Manager Mashonaland Central</td>
<td>Such strategic decisions are made by Executive Directors of the organisation because they are answerable to the owners of the business in terms of its performance.</td>
</tr>
<tr>
<td>Sales Manager Harare North</td>
<td>The Directors are responsible for making such decisions as their implications have an effect on the overall performance of the business.</td>
</tr>
<tr>
<td>Castle Brand Manager</td>
<td>All business strategy decisions are made by Executive Directors as they have implications on the survival of the business.</td>
</tr>
<tr>
<td>Premium Brand Manager</td>
<td>Such brand strategy decisions are made at the Directorship level because they have a bearing performance of the organisation.</td>
</tr>
</tbody>
</table>

Responses from Table 4.2 indicate that all the respondents were familiar with the individuals responsible for making strategic decisions for the organisation. The Directors were cited as being the individuals responsible for making the brand strategy decisions as it had an impact on the performance of the business.

**Question 2:** Where you involved in the planning process of introducing any of these new products? If so, please explain the process?

Table 4.3 Involvement in the planning process

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Manager Mashonaland Central</td>
<td>Yes. Managers are at the forefront when it comes to planning the “go to market” approach for any new products that are launched as they have a good idea of the market dynamics.</td>
</tr>
<tr>
<td>Sales Manager Harare North</td>
<td>Yes. The roll out plan as to how we were going to introduce Castle Lite to the market.</td>
</tr>
<tr>
<td>Castle Brand Manager</td>
<td>I was not involved.</td>
</tr>
<tr>
<td>Premium Brand Manager</td>
<td>I assisted in drafting up the promotional activities targeted at creating awareness of the new products in the market.</td>
</tr>
</tbody>
</table>
Three of the four respondents played a part in planning the introduction of the brand extensions. The Sales Managers played a similar role of planning how the brand extensions were going to be introduced to the market. The Premium Brand Manager was tasked with assisting in the conception of promotions that were aimed at alerting consumers of the brand extensions that the organisation was to introduce.

**Question 3:** What were the driving forces behind the introduction of these brand extensions?

Several forces for brand extension were indicated by the respondents. These are summarised in Table 4.4

<table>
<thead>
<tr>
<th>Table 4.4 Driving forces behind brand extension</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Respondent</strong></td>
</tr>
<tr>
<td>MASHONALAND CENTRAL:</td>
</tr>
<tr>
<td>Sales Manager Mashonaland Central</td>
</tr>
<tr>
<td>Sales Manager Harare North</td>
</tr>
<tr>
<td>Castle Brand Manager</td>
</tr>
<tr>
<td>Premium Brand Manager</td>
</tr>
<tr>
<td>Response</td>
</tr>
<tr>
<td>Increase profitability</td>
</tr>
<tr>
<td>Tap into new markets</td>
</tr>
<tr>
<td>To grow the business</td>
</tr>
<tr>
<td>Boost profits</td>
</tr>
<tr>
<td>Increase presence in the market</td>
</tr>
<tr>
<td>Increase profit</td>
</tr>
<tr>
<td>Enter new categories</td>
</tr>
<tr>
<td>Increase profitability</td>
</tr>
<tr>
<td>Business growth</td>
</tr>
</tbody>
</table>

As shown in Table 4.4, increasing profitability was the main driving force behind the introduction of the brand extensions with all four managers concurring. The increase in profitability can be attributed to the response of expanding the business which was either given or implied by the respondents. Wobben (2007) alludes to brand extension as a way by which companies seek growth while introducing a new product. This is cited in chapter 2. Increasing profitability is in line with satisfying the primary need of shareholders. Well implemented strategies lead to the achievement of profitability.
Question 4: Please describe the market research activities that your organisation performed prior to the introduction of the brand extensions?

Table 4.5 Market research

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Manager Mashonaland Central</td>
<td>The research that probably comes to mind is that of observing the success of the extensions in a foreign market. This, however, has proved not to be entirely reliable judging by the poor performance of a brand extension like Castle Milk Stout locally.</td>
</tr>
<tr>
<td>Sales Manager Harare North</td>
<td>The success of Castle Lite in South Africa was testimony enough that it would prove successful in our local market.</td>
</tr>
<tr>
<td>Castle Brand Manager</td>
<td>Realising the absence of a local “lite” beer on the market drove the introduction of Zambezi Lite. Its introduction was before all the other lager extensions were available and these were mainly adopted from the South African market.</td>
</tr>
<tr>
<td>Premium Brand Manager</td>
<td>The introduction of the Castle extensions were based on their success in the organisation’s parent company home which is South Africa.</td>
</tr>
</tbody>
</table>

The direction of the responses in Table 4.5 above point to the fact that no on-the-ground market research was conducted except for an indication by the Castle Brand Manager that some research might have been done for Zambezi Lite. All the other responses indicate that the introduction of the brand extensions was based on their success elsewhere, in particular, South Africa.

4.2.3 Section C: Hindrances to the successful implementation of the brand extension strategy.

This section seeks to determine the factors that could have interrupted the successful implementation of the brand extension strategy.

Question 1: Please describe the attitude of the employees towards the brand extensions during the implementation stage.


Table 4.6 Employee attitude towards the brand extensions

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Manager Mashonaland Central</td>
<td>Most of the employees showed great enthusiasm towards the products as most people do towards any new products while only a few showed some reservations when we introduced Castle Milk Stout.</td>
</tr>
<tr>
<td>Sales Manager Harare North</td>
<td>All the employees generally demonstrated interest in the extended brands.</td>
</tr>
<tr>
<td>Castle Brand Manager</td>
<td>Zambezi Lite and Castle Milk Stout were met with some scepticism but Castle Lite induced a great deal of excitement. This was noted mainly from the beer consuming employees.</td>
</tr>
<tr>
<td>Premium Brand Manager</td>
<td>Launching the products initially to our employees internally created some excitement in them.</td>
</tr>
</tbody>
</table>

Responses from the managers indicate that the brand extensions were welcomed with mixed sentiments. Castle Lite was received well while Castle Milk Stout and Zambezi Lite generally encountered some reservations in terms of acceptance by the employees. The Castle Brand Manager mentioned that Zambezi Lite and Castle Milk Stout were met with some scepticism while the Sales Manager for Mashonaland Central echoed similar sentiments towards Castle Milk Stout by mentioning that a few employees showed some reservations.

**Question 2**: Can you please state the obstacles that hindered the implementation of the brand extensions.

A number of obstacles were raised by the respondents and these are summarised in Table 4.7
Table 4.7 Obstacles during implementation

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
</table>
| Sales Manager Mashonaland Central | • Shortage of cooler space in the supermarket channel.  
                                              • Substandard quality of our local Castle Lite. |
| Sales Manager Harare North     | • Lack of product attribute awareness especially with Castle Milk Stout.  
                                              • Insufficient shelf space in some outlets. |
| Castle Brand Manager           | • Poor general acceptance by some retail outlet owners owing to them doubting the sales potential of the product.  
                                              • Poor quality affected acceptance of our locally brewed Castle Lite. |
| Premium Brand Manager          | • Poor product knowledge by customers. |

Similar responses were given by all the managers though not in the exact same fashion. The two Sales Managers concurred that space to display their product in outlets was not sufficient with the Mashonaland Central Manager limiting his response to supermarkets and the Harare North Manager referring to outlets in general. Poor quality was raised by the Castle Brand Manager and the Mashonaland Central Brand Manager as a limiting factor towards the implementation of the brand extensions.

The Harare North Brand Manager brought up the issue pertaining to a lack of product awareness while the Premium Brand Manager cited poor product knowledge as a hindering factor. This is contrary to literature cited in Chapter 2 from Taylor (2004). The factor of poor acceptance by outlet owners was the only solo response given by the Castle Brand Manager.

**Question 3:** How did you overcome these obstacles?
Table 4.8 Addressing the obstacles

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
</table>
| Sales Manager Mashonaland Central | • Through negotiations with management from supermarkets, we were able to secure space for our branded coolers by making in-store rearrangements.  
• To address the quality issues we resorted to importing the Castle Lite from South Africa. |
| Sales Manager Harare North        | • Product attribute awareness was improved through posters put up in retail outlets indicating the product attributes.                        
• Shelf space was acquired through negotiations and benefits being offered to the various outlets. |
| Castle Brand Manager              | • Retail outlet owners were offered various promotional incentives that included quantity discounts.                                         |
| Premium Brand Manager             | • Promotional activities were conducted to improve product knowledge.                                                                      
• Castle Lite is now being imported from South Africa.                                                                                  |

Similar responses were given for the outlet space factor and the product quality factor. The problem of space in outlets was overcome through negotiations and that of poor quality product was resolved through importation from South Africa. The Sales Manager for Harare North responded to overcoming the problem of lack of product attribute awareness through the use of wall posters for outlets communicating the attributes of Castle Milk Stout. The premium Brand Manager proffered promotions as a method employed to improve product knowledge. The solo response pertaining to poor reception by outlet owners was also overcome through the use of promotions.

**Question 4:** Are there any alternative sources for the extended brands for customers besides Delta Beverages? If so, which ones?
Table 4.9 Alternative sources for the brand extensions

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Manager Mashonaland Central</td>
<td>Yes. Castle Lite and Castle Milk Stout is available from South Africa.</td>
</tr>
<tr>
<td>Sales Manager Harare North</td>
<td>Presently, all the Castle Lite that we distribute is being imported from South Africa owing to some quality issues associated with our local production.</td>
</tr>
<tr>
<td>Castle Brand Manager</td>
<td>South Africa. Though not for Zambezi Lite which is only locally produced.</td>
</tr>
<tr>
<td>Premium Brand Manager</td>
<td>Our parent company, SAB Miller, from South Africa, supplies Castle Lite and Castle Milk Stout on the lagers side and all the ciders under our flagship.</td>
</tr>
</tbody>
</table>

South Africa was given as the unanimous alternative source for the brand extensions across the board. Zambezi Lite was however revealed to have no alternative sources by the Castle brand Manager.

**Question 5:** What impact do you believe consumer perceptions have on the performance of any of the brand extensions? Please explain.

Table 4.10 Consumer perceptions

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Manager Mashonaland Central</td>
<td>Low sales in certain markets tend to be attributed to perceptions of “lite” beers being generally too “lite” that one does not get to the desired state after consumption.</td>
</tr>
<tr>
<td>Sales Manager Harare North</td>
<td>Poor sales can be attributed to placing a high quality product like Castle Lite in a market were its perceived to be consumed by the elite in society with such consumers not frequenting that market.</td>
</tr>
<tr>
<td>Castle Brand Manager</td>
<td>If certain consumer perceptions of a brand, take for example, high quality, are not met, this can negatively impact the performance of the brand. Our locally produced Castle Lite is a good example.</td>
</tr>
<tr>
<td>Premium Brand Manager</td>
<td>In up-class markets, perceived high quality improves the sales performance of the product. This is especially apparent with Castle Lite.</td>
</tr>
</tbody>
</table>
The Mashonaland Central Sales Manager and the Harare North Sales Manager gave responses relating to reduced sales though the contributory aspects were not similar. The former indicated a lack of potency of “lite” beer as the perceived contributing factor. The later indicated misplacement of a brand in a market where unfavourable perceptions are held against it.

The two Brand Managers focused their responses on Castle Lite. The Castle Brand Manager gave a failure to meet perceived high quality as a factor that negatively impacted on the performance of Castle Lite. The Premium Brand Manager, against the direction of flow, gave a positive response related to consumer perceptions. The response was in stark contrast to the one given by the Harare North Sales Manager in that it attributed correct product placement as contributing to improved sales performance.

4.2.4 Section D: Benefits drawn from brand extension.
Benefits to the organisation associated with adopting brand extension are the main focus of this section. The structure of the questions was aligned to benefits normally associated with brand extension.

**Question 1:** Can you please explain how your market share has been impacted with the introduction of the brand extensions?
The respondents had a unanimous response with regards to brand extension having a positive impact on market share. The managers were all in agreement that brand extension resulted in an overall increase in market share with the Mashonaland Central Sales Manager and the Premium Brand Manager concurring that this growth was however small owing to the absence of many competitors in the local market. The growth in market share is in line with literature by Kotler et al (1999) cited in chapter 2.

**Question 2:** How was the division’s profitability affected with the introduction of the brand extensions? Please explain.
### Table 4.12 Profitability

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Manager Mashonaland Central</td>
<td>Castle is a strong brand and introduction of a product carrying that brand name is sure to attract some attention. Profitability inevitably rose as brand loyal consumers purchased the extensions.</td>
</tr>
<tr>
<td>Sales Manager Harare North</td>
<td>An increase in the product portfolio increased profitability backed by the fact that stocks were moving out of our warehouses and no brand was dropped. It is however a different story altogether now with the lack of disposable income in the economy.</td>
</tr>
<tr>
<td>Castle Brand Manager</td>
<td>There was an increase in profitability which can be attributed to an increase in awareness of the brand names.</td>
</tr>
<tr>
<td>Premium Brand Manager</td>
<td>Profitability increased as eager consumers were driven to try out the new products on the market. It, however, did not remain at those levels with time as some consumers moved on.</td>
</tr>
</tbody>
</table>

The managers agreed that profitability increased. The Harare North Sales Manager and the Premium Brand Manager however gave the view that the increase in profitability was later met with a subsequent decrease.

**Question 3:** Can you please explain how brand visibility has been impacted as a result of extending the brands?
### Table 4.13 Brand visibility

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Manager Mashonaland Central</td>
<td>Advertising campaigns directed at the extended brands have increased brand visibility. This is supported by the fact that they were run in conjunction with those of the existing brand.</td>
</tr>
<tr>
<td>Sales Manager Harare North</td>
<td>Increasing the presence of a brand in the market through the introduction of brand extensions increased the brand visibility. Various promotional activities were run for the extended brands.</td>
</tr>
<tr>
<td>Castle Brand Manager</td>
<td>By having the existing brand name on the extended products, its presence in the market is amplified thereby improving brand visibility.</td>
</tr>
<tr>
<td>Premium Brand Manager</td>
<td>An increase in the presence of a brand in the market certainly means that it becomes more visible.</td>
</tr>
</tbody>
</table>

The managers shared the same sentiments that brand extension improved brand visibility coinciding with one of the advantages of brand extension given by Aaker (2004) in the literature review chapter.

**Question 4:** What influence has brand extension had on you advertising budget? Please explain.
Table 4.14 Advertising budget

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Manager Mashonaland Central</td>
<td>In order to create awareness of the new products, advertising was key and this increased the budget required. However, the costs have gone down as consumers have become aware of the products and less advertising is necessary.</td>
</tr>
<tr>
<td>Sales Manager Harare North</td>
<td>Spill over effects to the extended brand from advertising the main brand have meant that less was spent advertising the extended brand.</td>
</tr>
<tr>
<td>Castle Brand Manager</td>
<td>In general, when introducing something new to the market, there is need to create awareness meaning that more spending is required. After introducing the products to the market, advertising costs have gone down through the combination of brands on single advertising media. For example, wall posters for retail outlets.</td>
</tr>
<tr>
<td>Premium Brand Manager</td>
<td>Initially the budget needed to be increased during the introductory stages but with the passage of time less money was required for advertising.</td>
</tr>
</tbody>
</table>

The Sales Manager Mashonaland Central, the Castle Brand Manager and the Premium Brand Manager were of the same opinion that the introduction of a product to the market requires an increase in the advertising budget in order to create awareness but with the passage of time, the budget goes down as customers become aware of the products. The Castle Brand Manager mentioned combining brands on single advertising media. This can be viewed as the realisation of advertising efficiencies. As cited in chapter 2, Kotler et al (1999) mention the realisation of advertising efficiency as a benefit of brand extension.

4.2.5 Section E: Availability of favourable conditions for implementing the brand extension strategy.

This section aims to determine whether conditions favoured the successful implementation of the brand extension strategy.
**Question 1:** How did competition affect the implementation of your brand extension strategy? Please explain.

**Table 4.15 Competition**

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Manager Mashonaland Central</td>
<td>The main competition which the organisation faces comes from foreign brands which have a very small share in the market. However, these foreign brands provided some considerable competition for our extensions that our expected initial sales did not come out as expected.</td>
</tr>
<tr>
<td>Sales Manager Harare North</td>
<td>Competition has mainly been from foreign brands like Heineken and Windhoek. These have made inroads in taking a share of the market in mainly the upmarket outlets. Our extensions were therefore met with some significant competition in the introductory stages in those sectors of the market.</td>
</tr>
<tr>
<td>Castle Brand Manager</td>
<td>In implementing the extensions the organisation adopted a direct attack on the competition by means of attractive promotional activities in an attempt to kill off the competition which is mainly from imported brands.</td>
</tr>
<tr>
<td>Premium Brand Manager</td>
<td>Tactical promotions were required to gain a foothold in a new product category with established foreign players.</td>
</tr>
</tbody>
</table>

Competition was shown by the presence of foreign brands by all the respondents. The effect of this competition had varying responses from the respondents. The Sales Manager for Mashonaland Central indicated less than expected initial expected sales. The Castle Brand Manager indicated the adoption of attractive promotions in an attempt to kill off the competition. The Premium Brand Manager mentioned the employment of tactical promotions being required to gain a foothold in the face of competition completion. Aaker (2004), cited in the literature review chapter, states that one advantage of brand extension is that it can act as a defensive strategy preventing competitors from gaining a foothold in the market.

**Question 2:** How did customer beliefs and attitudes impact the acceptance of any of your brand extensions? Explain.
Table 4.16 Beliefs and attitudes

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Manager Mashonaland Central</td>
<td>Generally, in certain sectors of our market, “lite” beer is not very well accepted as there is a belief that it does not produce the desired outcome associated with alcohol consumption. It is also considered to be more costly compared than regular beer.</td>
</tr>
<tr>
<td>Sales Manager Harare North</td>
<td>Some customers believe “lite” beer, especially Zambezi Lite, is meant for female drinkers and with the majority of drinkers being male, acceptance has not been good.</td>
</tr>
<tr>
<td>Castle Brand Manager</td>
<td>An association with quality for Castle Lite has improved its acceptance in certain markets.</td>
</tr>
<tr>
<td>Premium Brand Manager</td>
<td>Consumers lack familiarity with dark beer like Castle Milk Stout and this has negatively impacted its acceptance.</td>
</tr>
</tbody>
</table>

The responses show that the question was met with mixed responses from the managers. The Sales Manager for Mashonaland Central’s response was “Generally, in certain sectors of our market, “lite” beer is not very well accepted as there is a belief that it does not produce the desired outcome associated with alcohol consumption.” The response by the Sales Manager for Harare North was that some of their customers held the belief that “lite” beer was meant for female drinkers having a negative impact on acceptance considering the fact that the local beer consuming market was mainly composed of male drinkers. The Castle Brand Manager attributed the good acceptance of Castle Lite to its association with quality. Finally, the Premium Brand Manager attributed consumers’ lack familiarity with dark beer like Castle Milk Stout to its less than favourable acceptance in the market.

4.3 Part B: Beer consumers
Focus group discussions were held with beer consumers selected from Harare Province and Mashonaland Central Province. The groups were made up of between five and eight participants with the majority of the participants being male falling in either the eighteen to twenty eight year old age group or the twenty nine to thirty nine
year old age group. The questions poised to the participants were divided into 5 sections which included:

A. Demographic information

B. Implementation and planning of the brand extension strategy.

C. Hindrances to the successful implementation of the brand extension strategy.

D. Benefits drawn from brand extension.

E. Availability of favourable conditions for implementing the brand extension strategy.

4.3.1 Section A: Demographic information

Table 4.18 summarises the demographic information of the participants in the focus group discussions.

Table 4.17 Demographic Information of the participants

<table>
<thead>
<tr>
<th>Participants</th>
<th>Dominant age group (years)</th>
<th>Number and Gender of participants</th>
<th>Average period as beer consumers (years)</th>
<th>Average beer consumption per outing (bottles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FGD Harare 1</td>
<td>18-28</td>
<td>7 Males</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>FGD Mashonaland Central 1</td>
<td>18-28</td>
<td>8 Males</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>FGD Mashonaland Central 2</td>
<td>29-39</td>
<td>1 Female 6 Males</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>FGD Harare 2</td>
<td>29-39</td>
<td>2 Females 3 Males</td>
<td>12</td>
<td>6</td>
</tr>
</tbody>
</table>

The participants in the focus discussion groups (FGDs) were all above the legal drinking age which is eighteen years old and had been consuming beer for a fair number of years. Two FGDs were conducted in Harare Province and two FGDs were also conducted in Mashonaland Province. Participants in all the FGDs contributed to the discussion and valuable data to the research was collected. Several responses
were recorded from the FGDs and only the relevant responses were summarised in the tables below.

4.3.2 Section B: Implementation and planning of the brand extension strategy.

**Question 1:** Where you ever approached by some individuals talking about Castle Lite, Castle Milk Stout or Zambezi Lite, or see an advert in the newspaper before seeing these brands in the market? If so, explain what they had to say.

**Table 4.18 Pre-launch marketing**

<table>
<thead>
<tr>
<th>Participants</th>
<th>Responses</th>
</tr>
</thead>
</table>
| FGD Harare 1           | 1. I was once asked about my views pertaining to whether I would consumer a “lite” version of Castle by a group of individuals who seemed to be having a heated argument as to the feasibility of having a “lite” version of Castle.  
2. I saw a blank advert in the newspaper once indicating that something big was coming from Delta and in about a weeks’ time I came across Castle Lite in the market. |
| FGD Mashonaland Central 1 | No response.                                                                                                                                            |
| FGD Mashonaland Central 2 | No response.                                                                                                                                               |
| FGD Harare 2           | 1. There was a blank advert in the newspaper mentioning the imminent arrival of something new from Delta. Later the advert indicated Castle Lite as the new arrival.                                         |

The response pertaining to a blank advert highlighting that a new product was coming from Delta was received from both FGDs in Harare. The product turned out to be Castle Lite in both responses. The only other response given by one participant from the Harare 1 FGD was attributed to a heated bar argument with its source being unascertainable. The two FGDs held in Mashonaland Central Province yielded no
valuable responses indicating that most likely no pre-launch marketing was conducted in the area.

**Question 2:** Please describe any new product promotional activities related to Castle Lite, Castle Milk Stout or Zambezi Lite that you have participated in?

**Table 4.19 Promotional activities**

<table>
<thead>
<tr>
<th>Participants</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>FGD Harare 1</td>
<td>1. Happy hour, were there was a price reduction for Castle Lite for an hour.</td>
</tr>
<tr>
<td></td>
<td>2. Buy a six pack of Castle Milk Stout and get three free bottles.</td>
</tr>
<tr>
<td>FGD Mashonaland Central 1</td>
<td>1. Picking the winning team in a Champions league football match won me a six pack and a cap.</td>
</tr>
<tr>
<td>FGD Mashonaland Central 2</td>
<td>No response.</td>
</tr>
<tr>
<td>FGD Harare 2</td>
<td>1. Happy hour which saw a reduction in price for Castle Lite for an hour.</td>
</tr>
<tr>
<td></td>
<td>2. Spot the drinker were I won a t-shirt for being seen drinking a bottle of Castle Milk Stout in a bar.</td>
</tr>
</tbody>
</table>

Varying responses were recorded in all FGDs. Happy hour was mentioned in the two Harare FGDs. Other responses included free product offerings in Harare 1, spot the drinker in Harare 2 and prizes awards for correct predictions in a football match in Mashonaland Central 1. No relevant response was recorded from the Mashonaland Central 2 FGD.

4.3.3 Section C: Hindrances to the successful implementation of the brand extension strategy.

**Question 1:** Besides Delta Beverages, what other alternative sources for the extended brands are you aware of? If any, are there any similarities or differences.
South Africa was singled out as an alternative source of the extended brands in all of the FGDs. Differences from a quality perspective were associated with Castle Lite in both Harare FGDs were raised. Responses from the Mashonaland Central 1 FGD were in the form of a guessing competition as none of the participants sounded convincing in their responses.

**Question 2:** Can you please explain any perceptions that you hold against any of the extended brands.
Table 4.21 Consumer perceptions

<table>
<thead>
<tr>
<th>Participants</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FGD Harare 1</strong></td>
<td>1. They are expensive compared to the normal brands.</td>
</tr>
<tr>
<td></td>
<td>2. Zambezi Lite is too “lite” for me because I remain sober after consuming it.</td>
</tr>
<tr>
<td></td>
<td>3. Castle Milk Stout has a taste that I cannot get used to.</td>
</tr>
<tr>
<td><strong>FGD Mashonaland Central 1</strong></td>
<td>1. They are expensive in comparison to other brands.</td>
</tr>
<tr>
<td></td>
<td>2. One does not have a hangover after consuming Castle Lite compared to the regular Castle.</td>
</tr>
<tr>
<td><strong>FGD Mashonaland Central 2</strong></td>
<td>1. I have not seen the Castle Milk Stout.</td>
</tr>
<tr>
<td></td>
<td>2. They are too costly because I cannot afford them.</td>
</tr>
<tr>
<td><strong>FGD Harare 2</strong></td>
<td>1. They are expensive because I would drink less compared to the regular brands.</td>
</tr>
<tr>
<td></td>
<td>2. They are never available as I never seen them displayed.</td>
</tr>
<tr>
<td></td>
<td>3. Castle Lite is intoxicating just like the regular Castle. There is no “liteness” to it.</td>
</tr>
<tr>
<td></td>
<td>4. Zambezi Lite is for female drinkers because it is too “lite”.</td>
</tr>
</tbody>
</table>

The major perception held against the brand extensions was that they were expensive in comparison to the existing brands and that they were simply unaffordable. The issue of being expensive was raised in all the FGDs. The other perceptions mentioned include Zambezi being too “lite” and associated with female drinkers, Castle Milk Stout having an unfamiliar taste, “lite” beer not causing a hangover and the poor availability of the extended brands in the market.

4.3.4 Section D: Benefits drawn from brand extension.

**Question 1:** Can you describe whether there are more beer categories from which to choose?
Table 4.22 Beer categories

<table>
<thead>
<tr>
<th>Participants</th>
<th>Responses</th>
</tr>
</thead>
</table>
| FGD Harare 1               | 1. One can choose from a regular Castle or a Castle Lite depending on how they feel as well as their financial status instead of having one brand option.  
2. There is the beer we are all used to, “lite” beer and dark beer so indeed the categories have increased.                                                                                                                                                   |
| FGD Mashonaland Central 1  | 1. These extended brands are never available here except for Castle Lite now and again. The retailers say it is not a fast mover.                                                                                                                                                                                                       |
| FGD Mashonaland Central 2  | 1. I never see these brands except when I go to Harare.  
2. I only see Castle Lite in the supermarkets but I prefer to buy my beer from the bottle store where it is colder and none of the brand extensions are available there.                                                                                                                                 |
| FGD Harare 2               | 1. I can now have a Castle Lite when I have excess disposable money and the normal Castle when I need to get intoxicated quickly on a slim pocket.  
2. The categories only apply to people who drink certain brands. The choice is therefore limited to those people.                                                                                                                                                                                                 |

FGDs held in Harare both yielded responses that demonstrated that consumers benefited from brand extension by having more options available for them to choose from in terms of varying beer categories. A response from the Harare 2 FGD however indicates that there were some consumers who did not benefit from the extensions as the extensions were limited to certain brands. Responses from the Mashonaland Central FGDs show that consumers in this area were not able to describe having more beer categories to choose from due to the products not being readily available.

**Question 2:** Can you explain if the brand extensions have enabled you as consumers to easily identify outlets selling any of the brands.
Table 4.23 Brand visibility

<table>
<thead>
<tr>
<th>Participants</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>FGD Harare 1</td>
<td>1. They have aided identification through the numerous advertisements that have been put up at liquor retailing outlets.</td>
</tr>
<tr>
<td></td>
<td>2. Big banners are also very good eye catchers.</td>
</tr>
<tr>
<td>FGD Mashonaland Central 1</td>
<td>1. They have helped identification in our area but this is at establishments that are well beyond the reach of many.</td>
</tr>
<tr>
<td></td>
<td>2. Outlets where we buy our beer still have the old signage.</td>
</tr>
<tr>
<td>FGD Mashonaland Central 2</td>
<td>1. There is nothing new to catch our attention besides the normal Castle signage on most outlets.</td>
</tr>
<tr>
<td></td>
<td>2. There are posters in some outlets but these have always been available for the normal brands.</td>
</tr>
<tr>
<td>FGD Harare 2</td>
<td>1. Advertisements are all over with some outlets even branded Castle Lite. One can easily identify these outlets and make their purchase.</td>
</tr>
<tr>
<td></td>
<td>2. There are Castle Lite branded cars that I come across now and again on the streets which remind one of the brand.</td>
</tr>
</tbody>
</table>

Responses from the two Harare FGDs are testimony to the fact that the brand extensions have enabled consumers to easily identify outlets selling the extended brands. The responses from the Mashonaland Central 2 FGD demonstrate that the brand extensions have not played a part in aiding ease of outlet identification as no new advertisements or promotional material have been seen in the area. A response from the Mashonaland Central 1 FGD shows that new product signage was available but only in establishments that are beyond the reach of the normal consumer as the areas either hotels or lodges demanding hefting prices.
4.3.5 Section E: Availability of favourable conditions for implementing the brand extension strategy.

**Question 1:** Can you explain any beliefs or attitudes that you hold towards any of the extended brands.

**Table 4.24 Beliefs and attitudes**

<table>
<thead>
<tr>
<th>Participants</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>FGD Harare 1</td>
<td>1. I believe Castle Lite which is considered a “lite” beer is intoxicating as I get the same effects as with the ordinary Castle.</td>
</tr>
<tr>
<td></td>
<td>2. Castle Lite is intoxicating but the hangover is manageable compared to that of the normal Castle.</td>
</tr>
<tr>
<td></td>
<td>3. Zambezi Lite is for females because of its very low alcohol content.</td>
</tr>
<tr>
<td>FGD Mashonaland Central 1</td>
<td>1. These brands are meant for the affluent because I cannot afford them.</td>
</tr>
<tr>
<td></td>
<td>2. They are good quality beers judging by their cost.</td>
</tr>
<tr>
<td>FGD Mashonaland Central 2</td>
<td>1. Castle Milk Stout is not a familiar brand.</td>
</tr>
<tr>
<td></td>
<td>2. The extended brands do not give you a hangover which is associated with the main brands.</td>
</tr>
<tr>
<td>FGD Harare 2</td>
<td>1. “Lite” beer has a less painful hangover from my experience.</td>
</tr>
<tr>
<td></td>
<td>2. Castle Lite is for the affluent because you need to consume more to get the desired results.</td>
</tr>
<tr>
<td></td>
<td>3. Zambezi Lite is meant for “social” drinkers because one does not get intoxicated.</td>
</tr>
</tbody>
</table>

The response which stands out is that of the “lite” beers resulting in a more manageable hangover as opposed to that inflicted by the ordinary beer brands. This response was aired in all but the Mashonaland Central 1 FGD. Other responses include there being no difference in the potency of Castle and Castle Lite, Zambezi lite having a very low alcohol content, the extended brands being meant for the rich consumers and that Castle Milk Stout was not a familiar brand.
**Question 2:** Please explain any other factors prevent or encourage you to consume any of these brand extensions?

**Table 4.25 Factors impacting consumption**

<table>
<thead>
<tr>
<th>Participants</th>
<th>Responses</th>
</tr>
</thead>
</table>
| FGD Harare 1                           | 1. A feeling of prestige encourages me to consume Castle Lite.  
                                        | 2. Poor availability discourages consumption.                                                                                          |
| FGD Mashonaland Central 1              | 1. Lack of availability discourages my consumption.                                                                                     |
| FGD Mashonaland Central 2              | 1. Consumption is prevented by lack of product availability.                                                                            |
| FGD Harare 2                           | 1. Recognition in society encourages consumption of these brands.                                                                        |

The question was able to solicit both factors preventing and factors encouraging consumption. Unavailability of the brand extension was cited as a preventing factor in all but the Harare 2 FGD. The two Harare FGDs had responses pertaining to prestige and recognition as factors encouraging the consumption of the brand extensions.

**4.4 Summary of findings**

**4.4.1 Implementation and planning of the brand extension strategy.**

Brand extension is a business strategy that is directly linked to the overall performance of a business. According to Ailawadi et al (2001), brands are important intangible assets that can to a large extent contribute to business performance. All the four managers identified the Directors as the individuals responsible for making brand strategy decisions in the organisation. The managers indicated that they contributed in planning the implementation of the brand extensions indicating employee participation. The opinions of the FGDs participants were however not sought by the organisation as basically no market research was conducted.
Promotional activities were employed to introduce the new products to the customers.

The major driving forces for introducing the brand extensions were to grow the business and increase in profitability. These were all indicated by the four managers. They also concurred that the introduction of the brand extensions was based on their success in a foreign market.

4.4.2 Hindrances to the successful implementation of the brand extension strategy.

The attitudes of Delta employees towards the brand extensions were mixed. Some of the employees welcomed the products with great enthusiasm, as indicated by all four managers, while other employees showed some scepticism towards some of the extended brands. In implementing any new strategy, obstacles are inevitable. The managers indicated a lack of space to place the products, poor product quality and lack of product awareness as some of the obstacles in implementing the brand extensions. Poor product quality is one of the extraneous variables in the conceptual framework in chapter 2. Quality has an impact on the reputation of a brand. According to Barone and Romeo (2000), consumer perceptions of quality associated with a brand are used to identify brand reputation.

Table 4.9 shows that the four managers concurred that South Africa was an alternative source for the brand extensions. Participants in all the FGDs also knew South Africa to be the alternative source of the brand extensions. The response of perceived lack of potency mentioned by the Mashonaland Central Sales Manager was also mentioned by participants in the Harare 2 FGD. As shown in Table 4.21 all the FGDs had a response pertaining to consumers having the perception that the brand extensions were expensive.

4.4.3 Benefits drawn from brand extension.

Table 4.11 shows that the managers had a unanimous response with regards to brand extension having a positive impact characterised by an increase in market share. An increase in market share signals business growth which is one of dependent variables in the conceptual framework. Responses from participants in both the Harare FGDs demonstrated that consumers benefited from brand extension
by having more options available for them to choose from in terms of varying beer categories.

The four managers agreed that profitability increased and that brand extension improved brand visibility. These two factors are both dependable variables in the conceptual framework. Responses from the two Harare FGDs in Table 4.23 indicate that the brand extensions had enabled consumers to easily identify outlets selling the extended brands. All the Sales Managers except for the Sales Manager for Harare North agreed that advertising cost would decrease with the passage of time as consumers became more aware of the products.

### 4.4.4 Availability of favourable conditions for implementing the brand extension strategy.

The presence of foreign brands signalled the presence of competition and this was mentioned by all the managers. The effect of this competition however had varying responses. The response by the Sales Manager for Mashonaland Central that in certain sectors of the market, “lite” beer was not very well accepted as a result of a belief that it does not produce the desired outcome associated with alcohol consumption is related to the response by a participant in the Harare 2 FGD which points out that one had to consume more “lite” beer to get the desired results. This factor relates to the unfavourable attitudes and beliefs extraneous variable in the conceptual framework.

Table 4.16 shows a response from the Sales Manager for Harare North which points out that some customers believe “lite” beer such as Zambezi Lite is for female drinkers. This was similar to a response from the Harare 1 FGD which associated Zambezi Lite with females because of its very low alcohol content. The lack familiarity with dark beer like Castle Milk Stout as mentioned by the Premium Brand Manager is related to a response from the Mashonaland Central 2 FGD which points to Castle Milk Stout as being an unfamiliar brand.

### 4.6 Conclusion

This chapter focused on reporting the findings from the research that was conducted. The findings, implications and link with literature were discussed. The following chapter concludes the research outlining recommendations, research limitations and areas for further research.
Chapter 5: Conclusion and recommendations

5.1 Introduction
In this final chapter, the researcher will make interpretations and conclusions for the research based on information from the findings discussed in chapter four. The chapter closes with recommendations as well as research limitations and areas for further research being given.

5.2 Conclusions

5.2.1 Research proposition
“The success of brand extension has been limited at Delta as a result of negative consumer perceptions, unfavourable attitudes and beliefs and poor product quality issues”.

5.2.2 Limited success of brand extension
The main conclusion drawn from this research is that Delta Beverages accrued numerous benefits associated with brand extension but the benefits were however limited. The limiting factors to the successful implementation of brand extension are explained in section 5.2.3 below.

5.2.3 Causes for the limited success of brand extension
The limited success of brand extension at Delta Beverages’ lagers northern division can be attributed to a number of factors that include lack of proper market research, poor product quality, unfavourable beliefs and attitudes held by consumers, negative consumer perceptions and competition.

5.2.3.1 Lack of proper market research
The brand strategy decision was made by the responsible individuals with the implementation process involving other employees in the organisation. No meaningful market research was however conducted resulting in Delta not being able to determine whether the brand extensions would be accepted by the market before undertaking the full implementation. Brand strategy implementation decisions were based on the apparent success of the extension in South Africa. Market dynamics were not considered and the level of success expected was not reached.
5.2.3.2 Poor product quality
Poor product quality was associated with the Castle Lite brand extension. Poor quality results in poor sales. Consumers are unlikely to make repeat purchases if they encounter poor quality. When a product is associated with high quality and it fails to meet the required standard, the reputation of the brand may be negatively impacted.

5.2.3.3 Unfavourable attitudes and beliefs
The findings from the research indicate poor reception of some of the brand extensions by retailers as a result of them being sceptical about their performance in terms of rate of sales. Any doubt by the retailers indicates a lack of confidence in the product and probably a lack of product support. Sound relationships between the retailer and the organisation are usually accompanied by mutual cooperation in business terms.

Similarly, scepticism by employees towards the probable performance an organisation’s new products may signal a lack of buy-in by the employees. It may be likely that those employees will not positively market the product, be it at home or in their social circles. This can have a negative impact on the reception of that product in the market.

5.2.3.4 Negative customer perceptions
Findings from the research in chapter four show that the brand extensions were perceived to be expensive. This probably indicates that the products were placed in the wrong market. When a product is considered to be expensive and it is placed in a market that is considered to be of low income earners, the sales performance for that product will be poor.

When a beer is considered to be too light in terms of its alcohol content, certain associations may be tied to it. Findings from the research indicate that some light beer tends to be associated with female beer consumers. Such an association can have unfavourable results from a sales volume perspective as there fewer female beer consumers compared to male consumers.
5.2.3.5 Competition
In implementing the brand extensions, the organisation encountered some competition. This drove the organisation to adopt promotions aimed at attracting customers to their products. The advertising budget therefore had to be increased in order to fight the competition. Competition keeps organisations alert and active in the market and it has a positive impact on the consumers in that the quality of products improves while the cost decreases.

5.3 Recommendations
In light of the conclusions made above, this research makes the following recommendations to ensure that Delta Beverages benefits from brand extension.

5.3.1 Conduct market research
It is recommended that Delta Beverages undertakes on-the-ground market research when seeking to introduce any new products to the market. This will aid in determining the potential acceptance of a product by the consumers and prevent the organisation from losing capital on failed ventures.

5.3.2 Improve and maintain quality
The recommendations are that firstly, Delta should continue importing the product associated with poor quality in order to regain the confidence of the consumers. Secondly, efforts should be made to address the issues resulting in the poor product being produced locally. Thirdly, Delta should have quality assessment measures in place to ensure that no poor quality product reaches the market.

5.3.3 Develop good relations
The recommendations are that firstly, product support should be provided for retailers in areas where it does not exist. This can be provided by sales representatives. Secondly, the organisation should first launch products internally so that employees feel valued and view products positively.

5.3.4 Collect market data
It is recommended that adequate information pertaining to the needs of the market be maintained to ensure that products are correctly placed.
5.3.5 Compete
It is recommended that Delta continues to compete with rivals in the market. Competition drives innovation. Innovative organisations attract consumers to purchase their products. Competing ensures the survival of an organisation. Competition is good for the consumer and for industry in general.

5.4 Research limitations and areas for further research
The limited time frame proved to be the major limitation to the research. The research organisation employs a number of people in similar positions and this resulted in difficulties in securing respondents as one potential respondent would refer the researcher to a colleague as a result of them not feeling comfortable to participate in the interviews.

The research was based on a single case study focusing only on Delta Beverages. The results may therefore be inconclusive. More concrete interpretations may be made by looking at a number of similar organizations to in order to assess the impact of brand extension.

The research brings out other factors that can limit the success of brand extension in an organisation and these include lack of proper market research and competition. There is no literature particularly on Zimbabwe in this area. The impact of these factors should therefore be studied in order to assist organisations attain maximum success from brand extension.
References


Delta Sales Cubes (2014).


Appendix I

INTERVIEW GUIDE FOR SALES AND BRAND MANAGERS

SECTION A: BACKGROUND OF RESPONDENT

1. What is your position in the organization?
   ........................................................................................................................................

2. Please state your age (tick as necessary).
   □ 25-35 years  □ 36-45 years  □ 46-55 years  □ above 56

3. Please state your professional/academic background.
   ........................................................................................................................................

4. How many years have you been employed by the organization?
   ........................................................................................................................................

5. How long have you been in your current position?
   ........................................................................................................................................

SECTION B: IMPLEMENTATION AND PLANNING OF THE BRAND EXTENSION STRATEGY.

1. For some time, Delta has employed brand extension as a strategy/approach of introducing products under existing brand names. Which individuals in your organisation are responsible for making such brand strategy decisions and why? Please explain.
   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................
   ........................................................................................................................................
2. Where you involved in the planning process of introducing any of these new products? If so, please explain the process?

3. What were the driving forces behind the introduction of these brand extensions?

4. Please describe the market research activities that your organisation performed prior to the introduction of the brand extensions?

SECTION C: HINDERENCES TO THE SUCCESSFUL IMPLEMENTATION OF THE BRAND EXTENSION STRATEGY.

1. Please describe the attitude of the employees towards the brand extensions during the implementation stage.
2. Can you please state the obstacles that hindered the implementation of the brand extensions.

3. How did you overcome these obstacles?

4. Are there any alternative sources for the extended brands for customers besides Delta Beverages? If so, which ones?

5. What impact do you believe consumer perceptions have on the performance of any of the brand extensions? Please explain.
SECTION D: BENEFITS DRAWN FROM BRAND EXTENSION.

1. Can you please explain how your market share has been impacted with the introduction of the brand extensions?

2. How was the division’s profitability affected with the introduction of the brand extensions? Please explain.

3. Can you please explain how brand visibility has been impacted as a result of extending the brands?

4. What influence has brand extension had on your advertising budget? Please explain.
SECTION E: AVAILABILITY OF FAVOURABLE CONDITIONS FOR IMPLEMENTING THE BRAND EXTENSION STRATEGY.

1. How did competition affect the implementation of your brand extension strategy? Please explain.

2. How did customer beliefs and attitudes impact the acceptance of any of your brand extensions? Explain.

Thank you for your contribution to this research.
Appendix 2

FOCUS GROUP DISCUSSION GUIDE: BEER CONSUMERS

BACKGROUND DETAILS QUESTIONNAIRE

1. Please state your age (tick as necessary).
   - □ Below 18 years
   - □ 18-28 years
   - □ 29-39 years
   - □ 40 and above

2. Gender (please tick as necessary).
   - □ Male
   - □ Female

3. How long have you been a beer drinker (approximately)?
   …………………………………………………………………………………………….

4. Generally, how many beers do you consume per outing?
   ……………………………………………………………………………………………

Thank you for taking the time to complete this questionnaire.
FOCUS GROUP DISCUSSION GUIDE

Welcome remarks are passed and everyone is thanked for volunteering to participate in the focus group.

Introduction

I will begin by explaining what focus group discussions are as some of you may not have participated in this type of research.

Focus group discussions are a research technique used to gather information informally from a small group of individuals who have a common interest in a particular subject. This discussion in particular is designed to gain an insight of the views that you as customers hold towards extended lager beer brands from Delta Beverages. These include Castle Lite, Zambezi Lite and Castle Milk Stout. This discussion will provide invaluable information to Delta Beverages on how best they can provide sought for products in the market that satisfy your needs as customers. I would like to know whether or not I may tape this discussion?

Confidentiality

I would like to assure you that all the information from this discussion will be kept confidential. All the recorded information will be kept confidential before being transcribed after which it will be destroyed. No participant will be linked to any particular statement and each ones full involvement is encouraged.

General considerations

- there are no right or wrong answers.
- one person speaks at a time.
- one does not have to agree with the views of other people in the group.
- everyone should participate.
GUIDING QUESTIONS

SECTION A: IMPLEMENTATION AND PLANNING OF THE BRAND EXTENSION STRATEGY.

1. Where you ever approached by some individuals talking about Castle Lite, Castle Milk Stout or Zambezi Lite, or see an advert in the newspaper before seeing these brands in the market? If so, explain what they had to say.

2. Please describe any new product promotional activities related to Castle Lite, Castle Milk Stout or Zambezi Lite that you have participated in?

SECTION B: HINDERENCES TO THE SUCCESSFUL IMPLEMENTATION OF THE BRAND EXTENSION STRATEGY.

1. Besides Delta Beverages, what other alternative sources for the extended brands are you aware of? If any, are there any similarities or differences.

2. Can you please explain any perceptions that you hold against any of the extended brands.

SECTION C: BENEFITS DRAWN FROM BRAND EXTENSION.

1. Can you describe whether there are more beer categories from which to choose?

2. Can you explain if the brand extensions have enabled you as consumers to easily identify outlets selling any of the brands.

SECTION D: AVAILABILITY OF FAVOURABLE CONDITIONS FOR IMPLEMENTING THE BRAND EXTENSION STRATEGY.

1. Can you explain any beliefs or attitudes that you hold towards any of the extended brands.
2. Please explain any other factors prevent or encourage you to consume any of these brand extensions?

Thank you all for your valuable contributions.