BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF MARKETING

PROGRAMME: MASTER OF SCIENCE IN DIGITAL MARKETING

MMKT 504: BRAND MANAGEMENT

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DURATION: 3 HOURS

EXAMINATION

INSTRUCTIONS

1. Answer question **one** and any other **three** questions.
2. Start answering each main question on a fresh page.
3. Credit will be given for appropriate use of illustrative examples.
4. No cell phones and programmable calculators are allowed in the examination room.

QUESTION ONE (Compulsory).

A case for divergent brand extensions

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Brands are among the most valuable assets on a company's balance sheet. Consequently, companies have been seeking to create value by leveraging such assets as extensions to new markets or categories. Managerial wisdom and a significant body of research (see the current chapter) suggest that a brand extension strategy is likely to be successful when the extension logically fits (or is similar) to the parent brand. For instance, Whirlpool's range spans white goods and kitchen appliances, including washing machines, driers, fridges, hobs, microwaves, or extractors. Colgate's expertise lies in oral care, including a large range of toothbrushes, toothpastes, mouthwashes, or flossing products.

Ventures outside the logical brand realm are seldom encouraged: for instance, Colgate failed miserably when extending the brand into kitchen entrees (Huffington Post, 2014). However, there are several examples of brands that seem to have found market success with low fitting and dissimilar extensions. Catterpillar (CAT), the brand of earth moving machinery, launched Caterpillar boots. These days, consumers can buy Coca-Cola and Sprite lip smackers. Eager parents can carry their kids around in Jeep strollers. Launching poor fitting brand extensions seems, more often than not, to result in failure. However, examples of successes as the ones above cast doubt on the principle that brands should just remain close to their natural base. What is apparent is that such dissimilar extensions are often launched through licence agreements. The Caterpillar brand does not have a natural expertise to manufacture boots; instead, the CAT boots are manufactured and marketed through an exclusive licencing agreement by Wolverine Worldwide. However, the presence of licencing agreements does not explain market reactions to such products. Consumers are seldom aware about the licensing agreements behind the new offerings; they normally just witness a product and the brand that it bears.

A careful examination reveals such dissimilar brand extensions meet an important criterion: they leverage brand benefits into new, albeit distant, categories (see Farquhar, 1989, as well as the current chapter). The Caterpillar boots benefit from the brand's association with ruggedness, endurance and ability to handle rough terrain. If you are into lip smackers, you would most probably not mind one that has the flavour of Coca-Cola or Sprite. Not least, as a parent you might want to take your kid around in a stroller with an edgy, cool, and all-terrain-suitable image; just like Jeep. Surprisingly, by leveraging relevant associations to distant categories, the said brand extensions have built strong positions as delivering such particular attractive benefits in the respective categories (see Dimitriu et al., 2017, as well as the current chapter). Brand scholars and managers have also been at pains to explain the brand extension success of brands such as Virgin. The British brand spans categories as diverse as airlines, financial products, cruises, radio, gyms, balloon flights, mobile, or broadband (in many cases, via licence agreements). In another example, the 'Easy' brand is not just behind easyJet; its portfolio includes car and van rentals, hotels, bus services, or pizza deliveries. The portfolio of the Co-operative (Coop) brand spans supermarkets, funeral care, legal services, and insurance. The question that arises is therefore: What kind of benefits have brands like Virgin, Easy or Co-op leveraged to such different categories? Do these brands hold any special properties? Virgin's aggressive brand extension strategy has actually also resulted in numerous failures, e.g., Virgin Cola, Virgin Vodka, Virgin Makeup, or Virgin Bridalwear (Business Insider, 2012). A careful examination nevertheless reveals that the Virgin brand has been successful when applied to a variety of new services, but not new products.

Specifically, Dimitriu and Warlop (2014) demonstrate that brands that essentially stand for services have heightened latitude to extend to dissimilar categories as long as they remain within a service domain. The authors explain that service brands are likely to carry service associations, including employee friendliness and expertise, the ambiance, design, and functionality of the physical or online environment of service delivery, the promptness or the quality of service experience; such associations can be applied as relevant associations to a diversity of service domains. The rationale builds on service quality research, according to which "regardless the type of service, consumers use basically the same general criteria in arriving at an evaluation of service quality"(Parasuraman, Zeithaml, & Berry, 1988, p.6).

Extensions to dissimilar markets appear to hold yet other distinct advantages. Poor fitting extensions can offer a brand the opportunity to update and enhance its personality, especially in the eyes of consumers who think that brand (like human) personality is malleable (Mathur, Jain, & Maheswaran, 2012). Other evidence points out that high reputation brands increase liking for their brand extensions and benefit most from spillover effects by launching low (rather than high) fit extensions while introducing and proactively communicating benefits that are innovative in the respective extension markets (Chun et al., 2015). Real-life examples of such a principle include Google home security solutions, or Amazon unmanned supermarkets. Unlike high reputation brands, low reputation brands stand most to gain by launching high (rather than low) fit extensions which introduce innovative benefits; consumers would simply not trust low reputation brands' ability to launch innovative innovations in dissimilar categories. A brand that successfully extends into dissimilar categories essentially increases its breadth (see the chapter discussion on brand breadth); in turn, a broad (compared to a narrow) brand has an enhanced capacity to further stretch into nontypical categories (Boush & Loken, 1991), not least as broad brands have significantly more accessible benefit associations which can be applicable across both similar and dissimilar extension markets (cf., Meyvis & Janiszewski, 2004). Brands such as Ralph Laurent, Apple, or Virgin are cases in point.

While the success of 'divergent' brand extensions is by no means a given, carefully planning and executing extensions into dissimilar categories can significantly enhance the competitive stature of a brand in the markets where it operates, by helping the brand consolidate or construct associations that are appealing, meaningful and innovative; the brand can thus avoid complacency and make sure it stays 'relevant' in the markets that it spans (cf., Aaker, 2012).

Source: Lalaounis (2021,p. 300-303)

QUESTION ONE

a) Why do certain brands succeed with extensions into dissimilar / low fit categories? [8]

b) What explains the extension success of brands such as Virgin or 'Easy'? [10]

c) Why would a brand want to extend into a 'divergent' category? Enumerate several of the advantages that a brand could incur from such an extension strategy. [22]

[40 Marks]

QUESTION TWO

Examine the following customer based brand equity model concepts:

a) Brand salience [5]

b) Brand performance and imagery associations [5]

c) Consumer judgements and feelings [5]

d) Brand resonance [5]

[20 Marks]

QUESTION THREE

Discuss Jennifer Aaker's (1997) brand personality model. **[20 Marks]**

QUESTION FOUR

Examine the essence of brand co-creation and collective brand narratives including digital consumption landscape. **[20 Marks]**

QUESTION FIVE

Differentiate between nostalgia and retro branding, making reference to any relevant brand of your choice. **[20 Marks]**

QUESTION SIX

Explain the socially responsible brand development process. **[20Marks]**

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