



# **CUSTOMER PERCEPTION OF A DOWNSCALE VERTICAL BRAND EXTENSION**

SATS Finland Oy

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BACHELOR'S THESIS  
May 2021

International Business

## ABSTRACT

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Customer perception of a downscale vertical brand extension

Bachelor's thesis 56 pages, appendices 12 pages  
May 2021

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This thesis was commissioned by SATS Finland Oy. The company has extended its services from the core brand category by using the downscale vertical brand extension method in the Turku region. The objective of the thesis was to examine the customer perception of the brand extension and its fit to the core brand services. The theoretical framework part focused on brand extension and areas of customer perception. The similarities and differences in the characteristics of the two different categories were researched to gain information for the main research area. For background information, a qualitative research method was used by interviewing company key personnel. For primary data collection, a mixed research method was conducted by collecting responses to a customer survey. In total of 60 responses were collected from a sample group relevant to the research. The data was transformed into a countable form and analysed using quantitative analysis methods.

The author discovered how the customers have perceived the downscale vertical brand extension. The findings demonstrate that the customers hold a positive attitude towards the both categories and the extension is seen as a fit to the core brand services. This indicates that the customers are satisfied with the extension giving more variety, however, it has caused dilution to the core brand services, cannibalised its sales and caused the customers to re-assess the core brand. The gap in between the pricing of the two categories is seen as a major effect to the core brand since the quality is perceived as extremely high in the extended category.

To decrease the dilution of the core brand services, more focus should be put on communicating the characteristics found from the research of the extended category to customers. Attention and careful consideration has to be given into the branding decisions and what is the actual brand image that the company wants to retain. As the company wants to have a strong brand offering different types of clubs with various services, a clear detailed marketing strategy shall be planned and communicated to avoid customer confusion. The plan should include highlighting the characteristics of the extension without mixing it with the core brand services. It is recommended to re-assess the pricing of the extended category to decrease the price gap. For further research, different methods to highlight the extended category separately needs to be examined. The lost sales of the core brand and benefits gained from the extension should be calculated.

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Key words: downscale vertical brand extension, customer perception

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## 1 INTRODUCTION

Brand extension means capitalising from existing brand associations to introduce a new product or service categories (Aaker & Keller, 1990; Tauber, 1981; Kotler et al. 2016; Blythe, 2012). Different types of brand extensions have become increasingly popular due to their cost efficiency and easing the introduction of a new service or product category to the market. When using brand extensions effectively, a company can reach more customer segments by benefiting from the existing core brand (Aaker & Keller, 1992; Aaker 1990; Tauber 1981; Batra, Lenk & Wedel, 2010; Kotler et al. 2016).

There has been much research on the customer perception of launching a new brand and the significance of customer perception of the extended and core brand services or products. (Aaker & Keller, 1990). Nowadays, companies are seeking methods to lower their costs in marketing and promotion. To succeed in this, it is crucial to understand better how the customers behave and ask for their opinions. It has been researched that a company's most important asset is the established information that exists in consumers' minds and utilizing it to improve in marketing productivity (Keller, 1993). To understand the possible issues and the customer's wants, needs and expectations are important for a company to maximise its potential (Leventhal, 2005; Keller 1993). Thus, it is essential to know the customer perception to obtain a competitive advantage and to succeed in the market. Without researching the customer perception, a company is not able to understand and learn how do the customers perceive brand extensions. The reason why this is important is because the customers have the purchasing power to decide whether a company will continue its success or not (Kotler et al. 2009).

In November 2020 SATS Finland Oy launched a new extended category of the core brand services in the Turku region. This service is half the cost of the core brand offerings. The purpose of this research is to examine the customer perception of the downscale vertical brand extension. The aim of the thesis is to research the effects of a downscale vertical brand extension from customer perception and its fit to the core brand services. The similarities in the

characteristics of the two different service categories are researched to gain information on both the customer perception and the brand fit. The main theory is about the downscale vertical brand extension and the theory will be compared to the results received from a customer survey filled by the customers.

The first part of the thesis contains the company introduction, objectives and purpose of the thesis. To get a deeper understanding of the commissioner's branding decisions and background, two different key employees were interviewed by using the qualitative research method: Head of Marketing in Finland and Head of Marketing in the Nordics. Furthermore, an e-mail was sent to the head of the country in Finland. Based on the company interviews, numerous research articles, marketing books and previous research, the theoretical framework was formed.

Following the theoretical framework, the research approach is introduced. The empirical study of the topic was conducted of the main research area, customer perception. The research method employed in the thesis was a mixed method, containing both qualitative and quantitative approaches. For primary data collection, a customer survey was sent to the relevant focus group to gain valuable data. The survey contained both open-, and closed-, ended questions, to receive both answers that challenges the customers to think from own perspective as well as straight forward questions. The collected data was analysed by using a quantitative analysis method. The last part of the thesis introduces the research findings and analysis. The analysis method used was a quantitative one, as the result data was changed into a countable form. The recommendations to the commissioner, limitations of the research and further research suggestion are included in the last section.

## **1.1 The Case company**

This part of the thesis will focus on explaining the case company and its background. It includes basic information about the company operations in general, its history and a more focused explanation of the operations in Finland, focusing in the Turku region.

### 1.1.1 SATS Group

SATS Group is the largest fitness chain in the Nordics. There exists in total of over 250 clubs: 109 in Norway, 84 in Sweden, 30 in Finland and 30 in Denmark (SATS, 2021). These clubs differ from their looks, size and locations, but the main core values remain the same. The member base consists of 600,000 people and there are 9,000 employees within SATS Group, from which 2000 are working full-time (SATS, 2021). The company offers different products and services including tailored packages for memberships, personal training, group training and retail products. The memberships vary from Nordic, region and one-club-wide. This means that the customers can choose to use only one club, all the clubs in the region or Nordic. SATS Group was the first to offer personal training in the Nordics in the year 2000 and still offers the most group trainings than any other fitness chain. Nowadays the company offers online training as well, which means that the customers are not dependent on the location of a certain club and are able to use the services anywhere at any time. The company aims to offer complete products with various options. The physical clubs are always located in convenient places where it is easy to travel. This means that the clubs are mostly located in large cities or the inside of shopping malls (SATS Sustainability report, 2019).

The vision of the company is to make people healthier and happier. The company aims to assist customers to succeed with their training and to remain consistent. These are the values that guide all employees within SATS Group: I put Members First, I am Accountable for what I do, I am professional, and I am Extraordinary in everything I do. The position of SATS Group is to be an inspirator. The company wants everyone to feel welcome to all the clubs and the staff members to motivate and inspire the members to continue with their workouts. The company wants to have a cheerful atmosphere in all the existing clubs (SATS, 2021).

### 1.1.2 History

In 1995 SATS was launched in Norway and by the end of the year 2001 ELIXIA was launched. In Finland ELIXIA started operating in year 2002 as Frisk and SATS in 2003. These two fitness chains merged in 2014, which created the largest fitness chain in the Nordics. Ever since then, the company has kept growing and new clubs have been opened. In 2010 Fresh Fitness was launched as a low-cost alternative in Norway and Denmark (SATS Group, 2021). It was decided that the name of the clubs would remain the same, as Fresh Fitness. According to the knowledge received from the head of marketing in the Nordics, the decision was made and kept this way because the concept of the low-cost clubs was too different in comparison to SATS concept. In 2018 SATSELIXIA bought the Fresh Fitness -chain in Sweden and Finland as well. The clubs in both countries were rebranded according to the SATS BASE-concept, which meant a cheaper and a simpler option to SATS-clubs (ELIXIA, 2021). In both Sweden and Finland these clubs were known as BASE-clubs. This concept gave variety to the customers and reached different target segments than before, which meant that the company was able to reach more potential customers with its wide product range. There were a total of five clubs in Norway, five in Sweden and seven in Finland operating with this concept in addition to the core brand services. The name of the clubs remained as Fresh Fitness in Norway, ELIXIA BASE in Finland and SATS BASE in Sweden.

In September 2018 the company bought the Danish dk -chain, to which in total of 40 clubs belonged to. This meant that the company was operating now in all Nordic countries (ELIXIA, 2021). During the same year, the biggest survey in SATS history was conducted to find out the actual factors to grow within the industry. After receiving the results from this survey, a new position was created to the company: the inspirator. The purpose of the survey was to gain knowledge of what the customers think about when they choose a certain brand or product. The results proved that the members wanted to have a motivating, welcoming and joyful atmosphere at the clubs. The BASE-name of the low-cost service clubs was taken off in year 2020 and this meant that all the clubs were called ELIXIA-clubs, regardless of their differences. According to the Country Manager in



Finland, Jussi Raita, the reason for this was that the customers did not understand the difference amongst the two different brand names, the digital marketing was not functioning, and it complicated the digital operations.

### **1.1.3 SATS Finland Oy and operations in the Turku region**

In Finland, the name of the brand is known as ELIXIA and it is a part of SATS Group. There is a total of 30 clubs in Helsinki, Tampere and Turku regions and more new club openings are on their way. Out of the 30 clubs, there are seven low-cost and service clubs whilst the rest follow the core brand concept. There are total of around 60 000 members in Finland using the services of SATS Finland Oy and 800 employees (SATS, 2021).

There are five different ELIXIA clubs in the Turku region and around 8000 members. Four of them are based on the core brand service concept and the fifth one is with the different concept (previously known as ELIXIA BASE -concept). The oldest one is called Jokivarsi, and it is located near Aurajoki river in Turku. The other clubs are called Trivium, Länsikeskus, Centrum and eventually Skanssi, which is the newest one. Skanssi opened its doors in November 2020 being the first low-cost and service club in the area. The opening of the club was logical and convenient, because of its location inside of a shopping mall, being easily accessible and near an area that did not have another ELIXIA club nearby. The extension meant giving more variety and options to the services. According to Raita, opening of a new club with offerings of group training is always positive and brings value to the region. The clubs within the core brand category services, Jokivarsi, Centrum, Trivium and Länsikeskus are known as high quality clubs with variety of services and higher pricing (starting from 38,20 euros per month for students, pensioners and those with company cooperation's).

ELIXIA Skanssi service category was launched as a downscale vertical brand extension in Turku, offering lower quality and pricing in comparison to the core brand services. The club is open for longer hours, which offers variety to the customers to come and workout earlier. The opening times are from 5 am until 24 and the customer service is open daily for a maximum of 7 hours. During the

times when the reception is not open, the customers have access to the club with a QR-code or membership card. In contrast, the other clubs in the region have the clubs open only when the customer service is open, and these times vary depending on the club and day. Normally during weekdays, the opening hours are from around 6 am until 10 pm. The other clubs have a spa section with saunas and showers, whereas there are no saunas at ELIXIA Skanssi. Similarities amongst the services are that both offer gym equipment, group-, and personal training, sell retail products, have customer service and showers. The differences are within the opening hours, size of the club (ELIXIA Skanssi is the smallest club in the country), not having saunas and customer service not being open all the time. The main difference seems to be in the customer service, since the members at other clubs are used to getting assisted.

#### **1.1.4 Branding in the case company**

The aim of the company is to have the clubs in convenient locations and that everyone would feel welcome (SATS, 2021). According to the Acting Director of Marketing, Bård Nordhagen, these are the following characteristics by which the company enables the brand experience to its customers: nice facilities, motivating, inspiring, good selection of exercise equipment, wide range of group training and high-quality personal training services. According to the Country Manager, Jussi Raita, the aim of the commissioner is to have one common brand that offers versatile and different options to the consumers from where to choose from.

## **2 OBJECTIVES AND PURPOSE**

This part of the thesis introduces the topic, objective, purpose and research questions. The plan focuses on demonstrating why this exact topic was chosen, the focus of the research and the results. The research questions will form the basis to what the author is looking to obtain from the theoretical framework, interviews and customer survey results.

### **2.1 Thesis objectives and purpose**

The topic of the thesis is ELIXIA Skanssi customer perception of downscale vertical brand extension and its fit to the core brand services in Turku region.

The extension was a downscale vertical brand extension as the quality and price are lower than in the company's core brand services. The focus on the research is on finding out how the customers have perceived the extension and their fit to the core brand in the region. Even though the commissioner has extended its core brand services previously in other areas, the customer perception has not yet been researched. To receive information on the customer perception, the research focuses on the perceived fit and quality to understand the similarities of the characteristics and the general attitude of the extension.

It has become increasingly popular for companies to search for different methods to expand and reach different target groups. It can be difficult to reach new segments with the existing products or services in case it does not serve the new target group. There are different options available for developing a brand (Kotler et al. 2016). A brand extension occurs when a company uses its existing brand image and associations of it to launch a new service or product. The benefits of capitalising from an existing brand image are major, including increase in profit and reaching customers that have not yet purchased from a certain brand. However, there are numerous risks included when extending a brand (The Economist, 1990). The core brand could suffer from loss of reliability, decrease in sales and the customers could find the extended product confusing. If a brand extension is accomplished appropriately, it could create a rise in the awareness of the brand and sales in both the core brand products and the extended one

(Aaker & Keller, 1990). The perception of customers towards a brand extension has been researched by various articles and scholars. One of the most prominent research was conducted by Aaker & Keller (1990) Consumer Evaluations of Brand Extensions. The topic has been broadly studied after this point in time and various companies use the knowledge of customer perceptions towards brand extensions as a method to expand.

The main purpose of the thesis is to research how the customers perceive the extension in comparison to the core brand services. To gain a better understanding of branding decisions that could affect the customers, research from their perspective is essential in understanding whether a branding decision has an impact on customers. It is important to gain an understanding of the overall customer attitude towards the core brand services in comparison to the extended one since it gives perspective to the current branding situation and solutions to it. The main research area, customer perception will aid the commissioner to understand the similarities and differences of the characteristics in between the two service categories, what is the general customer attitude of the extension. To have a proper understanding of the research, the last chapter, working methods and data of the theoretical framework focuses on explaining how the topics are related to the main research. The data is collected from various online sources, previous research, marketing journals and books. The author tries to use the most recent data to ensure the reliability and accuracy.

The theoretical framework part will help to understand the different effects of the downscale vertical extension to the core brand and the commissioner can consider if a strategic plan is needed to communicate to both customers and employees more effectively about the main differences between the two different brand categories. The results part will focus on analysing the results and how they correlate with the theory. The commissioner will be able to understand the perceived fit, the main characteristics, general customer attitude towards the brand extension and recommendations on how to proceed. The main theory part will help the commissioner to understand the effects of downscale vertical brand extensions to the brand image and about how the customers perceive the suitability of the extension to the core brand services.

The research will show how the customers feel about the extension and provide alternative suggestions based on the main theory and research area.

The results will be forwarded to the commissioner for branding decisions and will help to provide any future downscale vertical extensions to occur effectively. The research will provide also suggestions for the commissioner of alternative strategies on brand management. The fit in between the two different brand categories from customer perception is important to be found out because it affects to the acceptance of the extension. The problem that needs to be examined in the thesis is that the commissioner does not know the customer perception of a downscale vertical brand extension and it affects to the core brand services.

By answering the following research questions, the author will be able to research the main research area and find answers that correlate with the theoretical framework. Furthermore, the commissioner will be able to find out the customer perception of the extension:

**Question 1:**

*Do the customers perceive the extension as a fit to the core brand services in the region and if so, what are the similarities and differences between the characteristics?*

This research questions answers to how the customers perceive the extended service and its fit to the core brand services. It will help to understand the similarities from the customer point of view in relation to the core brand and the extension.

**Question 2:**

*Do the customers hold a positive attitude towards the extension and is it perceived as successful?*

This question is to understand if the customers have accepted the extension of ELIXIA to Skanssi and perceive it as a positive addition to the core brand offerings.

**Question 3:**

*Is the overall customer opinion of the perceived quality between the core brand and the extended category considered high or low?*

The perceived quality affects the customer perception of both the core brand and the extension.

### 3 THEORETICAL AND CONCEPTUAL FRAMEWORK

The theoretical framework part of the thesis reviews the literature of the study and how the theory correlates with the research. It creates the basis for the thesis and gathering secondary data. The concept of brand management and brand development will be explained shortly. After this the various alterations of brand extension are explained thoroughly. Brand extension is the core of the study because the thesis concentrates on customer perception of a downscale vertical brand extension. In terms of customer perception, the research examines the effects of perceived fit, quality and general customer attitude. The study focused mainly on how the different areas of customer perception affect the success of a brand extension. The theories that were chosen for this framework were done due to each of them being relevant to the research questions and the effects of brand extension on customer perception. Figure 1 demonstrates how the different areas of theoretical framework will be introduced and in which order.

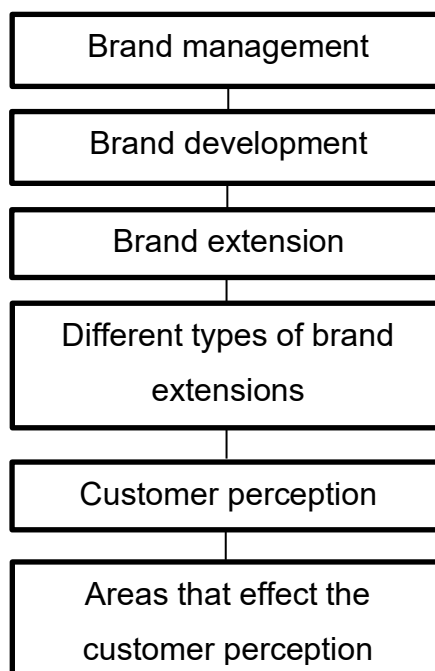


FIGURE 1. Theoretical framework

### 3.1 Brand Management

Brand management is an approach for companies to increase their value especially in customer perception, which turns as a positive return in brand equity (Martin, 2018; Kotler et al. 2009). The concept of brand management commenced when companies started to realize the importance of their most important asset, their brand and that branding is one of the key elements within an organization (Keller & Sood, 2003; Keller & Lehmann, 2006). The companies began to understand that brand gives a company a certain position in the market (Keller & Lehmann, 2006; Kotler et al. 2010). Since then, it has become increasingly important to invest on building value in the minds of customers and focusing on retaining the brand value. To sustain a strong brand, it is crucial for a company to maintain the different correlations about services and products known by the brand name. (Keller & Sood, 2003). Companies often use money on advertising to build brand familiarity and these techniques aid on recognizing the brand, however when managing brands, the major focus should be on the brand experience. This means real customer experiences with the brand (Kotler et al. 2010).

Companies are focusing now more on brand management and are interested in investing to developing their brands (Heding, Knudtzen & Bjerre, 2020). It is important that the existing brand image is put into high importance because it is one of the company's most important assets (Keller, 2013; Keller & Lehmann, 2006). The marketers are responsible for creating value to the brand and should focus on the customers when doing this (Heding, Knudtzen and Bjerre, 2020). Companies are increasingly buying place in consumer minds with efficient branding decisions (Kapferer, 1997; Blyhte, 2012). Brand gives a company a certain position in the market and effects on the purchasing decision of consumers. Therefore, companies should focus on managing their brands well and clearly to customers (Kapferer, 1997). In fact, building a brand creates security to the business structure (Laakso, 2004).



### **3.2 Brand Development**

Brand development means expanding the offerings of the existing products and services. When a company wants to develop its brand and expand its varieties, there are different types of strategies to launch a new product: brand extensions, line extensions, new brands or multibrands (Kotler et al. 2016; Kotler et al. 2008; Ambler & Styles, 1996). In a situation where a new brand name is needed and the existing one is not profitable, usually a company finds it necessary to create a completely new brand to reach its full potential (Kotler et al. 2016).

The type of strategy that a company wants to use depends on whether a company wants to grow a completely new brand or work on their existing one. For example, if a brand name has lost its credibility and brand awareness, a completely new product known with a different brand name could be a solution to gain awareness and get products into the market again. To understand properly how brand extensions function, it is important to know the various options for developing a brand further (Kotler et al. 2016).

### **3.3 Brand Extension**

Brand extension is a strategy used for brand development (Kotler et al. 2016). It means taking advantage of an existing brand image to launch a new product or service either in the same or different product category (Kotler et al. 2016; Aaker & Keller 1990; Ambler & Styles, 1996; Blythe, 2012). A company uses the brand knowledge of an existing brand to reach more market potential than it would when introducing a completely new product. This strategy has become popular due to the increasing costs of launching a new product or service, especially in promotion and marketing (Aaker & Keller, 1990, 1992). Ever since the costs of marketing and promotion have increased extensively, more companies have started to turn to using brand extensions as a strategy to launch new products and reach different target groups (Aaker & Keller, 1990, 1992). In addition to the cost efficiency, the new product or service category is more likely to gain awareness quicker when taking advantage of an existing brand name to expand a company's offerings than commencing a new brand from the start. In case the

existing brand is strong, it is presumably to draw more attention to extended products (Aaker & Keller, 1990). When the existing brand is strong enough, the extended category will also most likely receive high perceptions (Besharat, 2010).

Brand extension to reach more target segments that might not have been reached before with the existing offerings (Aaker & Keller, 1992). If the extended brand manages to reach different market segments and is accepted by the consumers, it can grow brand equity and knowledge rapidly (Aaker & Keller, 1992). Due to the benefits of brand extensions including savings in costs, increases in revenue when reaching new target audience and complementing the image of the existing brand, 95% out of new product launches are part of brand extensions (Berry & Ogiba, 1994; Kapferer, 2000). The simplest method of describing a brand extension would be that a company uses its existing brand associations to aid the entrance of a new product (Aaker & Keller, 1990; Kotler et al. 2008). For the various benefits, many companies see extensions as opportunities to grow with minimal efforts in comparison to launching a new brand (Aaker & Keller, 1990; Kapferer, 2000).

Regardless of the various benefits, numerous risks are involved as well. The main risks in brand extension are that it could possibly harm the core brand and its sales. In the situation of a failed brand extension, the consumers might get confused about the extended product and this could turn out as negative feedback (Aaker & Keller, 1990; Kotler et al. 2016). The success is not certain, and it is not always worth it when the risk is that the core brand might suffer. An unsuitable brand extension could damage the built brand associations, and this is not to be easily fixed (Lane & Jacobson, 1995). The disadvantages can cause loss of reliability and the extended brand could experience loss of awareness in case it is extended too far (Batra, Lenk and Wedel, 2010). Even though brand extension is an excellent strategy for a company to grow, certain risks should be considered prior to launching an extension. A few researchers have even claimed that brand extensions should be avoided (Ries & Trout 1981, 2000). Table 1 presents the numerous advantages and disadvantages of brand extensions.

TABLE 1. Advantages and disadvantages of brand extensions (Keller & Sood, 2003; MSG, 2021; Ries & Trout, 1981; Ambler and Styles, 1996; Kotler et al. 2009; Keller, 2008).

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>- Increasing core brand equity and awareness</li> <li>- Cost efficiency: reducing costs including advertising and marketing</li> <li>- Reaching new target segments</li> <li>- Variety to consumers</li> </ul>	<ul style="list-style-type: none"> <li>- Diluting and harming the core brand associations and equity</li> <li>- Cause confusion amongst the consumers</li> <li>- Cannibalizing the sales of the core brand</li> <li>- The extended brand does not gain awareness</li> </ul>

Often in many research and marketing books brand extension and line extensions are distinguished, however, from an extensive point of view, brand extensions are split into two sections: vertical and horizontal. There are various ways of implementing a brand extension depending on the company and its operations. The extensions can be pursued using the same category or a different one. Horizontal extension means extending a service or product within the same category differing for example with color, shape and flavour or a completely new one. On the other hand, vertical extensions differ with pricing and quality (Kim et al. 2001). To be able to understand the main differences, the terms are explained in separate sections using tables. If a company wants to succeed in launching brand extensions, it depends on a few variables. According to Aaker & Keller (1990), the customers are acquired to hold an existing positive attitude towards the core brand and this attitude eases to gain positive associations to the extended product as well. Figure 2 demonstrates what type of brand extensions there exists and into which subcategory each belong to (Kim et al. 2001).

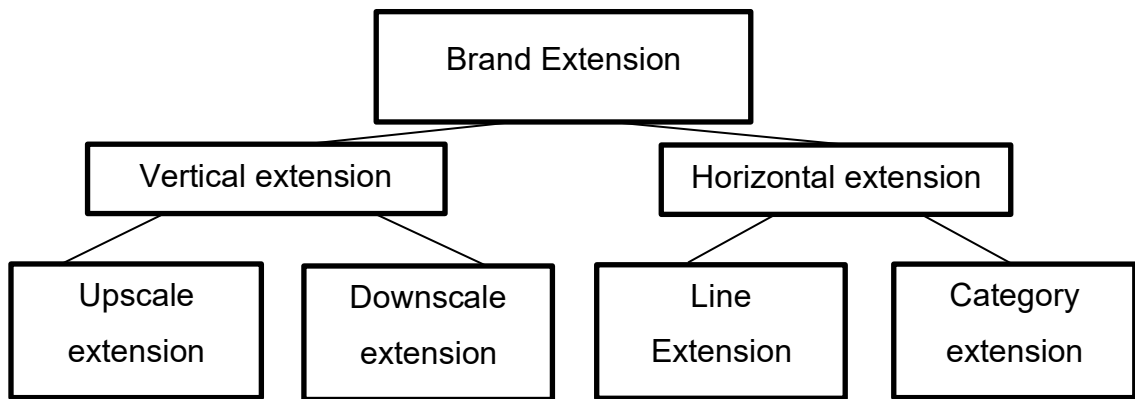


FIGURE 2. Brand extension – Vertical and Horizontal (Kim et al. 2001).

### 3.4 Horizontal extension

Horizontal brand extension is a method to use an existing brand name to launch a new product or service within a similar category or a completely different one (Kim et al. 2001). There are two different options in horizontal extension (Figure 3). These are line extension and category extension (Aaker & Keller, 1990). Since in horizontal extensions the pricing and quality is usually the same in the new product as the existing one, the products either differ completely from the category or with a different flavor or color for example (Kim et al. 2001).

Horizontal brand extensions are researched to be less risky because they are usually more distant from the core brand and do not typically arise as much confusion amongst the consumers as vertical extensions. The differences are clear and visible, and the quality and price remain almost identical. The core brand will not get harmed as likely in horizontal extensions than in vertical ones when the extension fails. The reason for this is because it does not get associated to the core brand as strongly as within vertical extension. Consumers can understand that it is from the same brand owner, however, they can differentiate it from the existing products offered by a company (Alavinsab, Soltani & Alimohammadi, 2017). Figure 3 presents horizontal extension, the two subcategories and how they differ from one another.

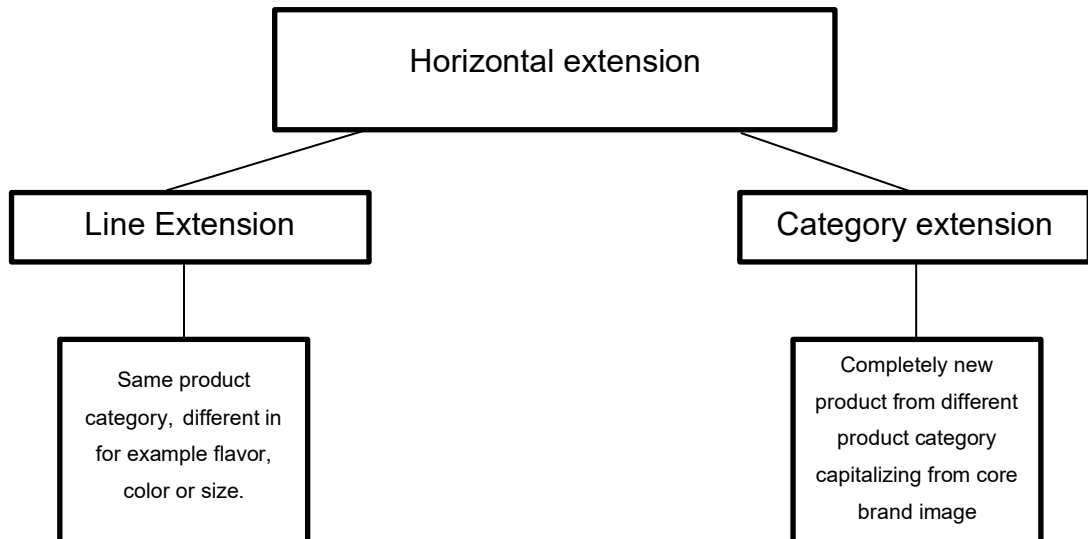


FIGURE 3. Horizontal extension – Line extension and category extension (Kim et al. 2001).

### 3.4.1 Category extension

When using category extension to launch a new product, a company benefits from its current brand associations to gain knowledge to a completely new product or service from a different category (Aaker 1990; Aaker & Keller 1992; Keller, 2003; Kotlet et al. 2008). This is an effective way to enter new markets with a distinctive category as the core brand brings attention to the launch. Capitalizing from the core brand can offer numerous benefits as the new product receives attention from an existing brand image. In case the extension reaches its purpose, gaining customer awareness to the new product could result to a positive turn in profit of the sales within the core brand as well as the extended one (Tauber, 1981).

The ideal situation in category extension is when the new product or service receives attention directly from the existing brand image. Companies use this type of extension when there is a need to launch a completely different category from the core brand, but the costs are high. In the most desirable situation, the new product receives instant name recognition, which creates a positive effect to the core brand and the extended category. In contrast, the category extension could affect the customer perception towards the core brand in case it is not successfully extended. The customers might re-assess the core brand as the new

product might threaten it. It is crucial to consider the possible effects of a category extension because it could lead to change in attitude of the brand significantly in the eyes of customers (Farquhar, Herr, Han & Ijiri, 1992).

### **3.4.2 Line extension**

When a company uses line extension as a method to expand, it extends from the core brand by creating for instance a new flavour, package size or colour in the same product category (Kotler et al. 2009) As an example, Coca Cola has launched successfully new products in the same product category, but in different flavours. The reason for why it is seen as a successful line extension is because nowadays when ordering Coca Cola from a restaurant, the consumers get to ask the question of which flavour is ordered (Munthree & Bick, 2006). Car brands especially use line extensions to launch new products that differ from the core brand product by size or colour. This type of extensions is very common, especially in the grocery industry, where the ratio has been 89 percent (Kotler, 1997).

Line extensions are typically examined as safe options because it remains in the same product category, however, extending for example by size, shape or flavour. The main reason for companies to pursue line extensions are to give consumers variety on different products and it is a low-risk method to introduce new products. Even though line extension is the most popular method within brand extension, it includes risks as well. (Kotler et al. 2008 The risks in line extension are that the extended product could be extended too far from the core brand. This can cannibalise the core brand and its sales. It is essential to ensure prior to a line extension that it takes sales from competitors rather than from its own products (Kotler et al. 2016).

### **3.5 Vertical extension**

In vertical extensions companies introduce a new brand in the same product or service category with differing pricing or quality (Figure 4). Typically, companies use vertical extensions to take advantage of the existing equity of the core brand.

It has been researched that the method receives customer acceptance more rapidly than launching a completely new brand (Keller & Aaker 1992).

When introducing a vertical brand extension, the new product should differ from the core brand product by being either higher or lower in quality and pricing (Kim et al. 2001). Vertical brand extensions contain huge market potential because the launch of could target a completely new market segment that has not been reached before. This gives an opportunity for a company to enable customers to purchase a product from the core brand with either lower or higher pricing. Even though vertical extension obtains many possibilities and the new product could reach different target groups, it can also lead into a negative consumer perception, where the core brand products are affected (Dacin & Smith, 1994). Launching a new product in the same product category with lower or higher price and quality could affect to the reliability and trust of the core brand. Since vertical brand extensions have different prices and quality, extending the brand with this method can lead a consumer to reassess the core brand because of the new extended product category. It could concern customers and arise questions whether the extended product is a fit to the core brand (Kim et al. 2001; Dacin & Smith 1994).

Often in both down and upscale vertical brand extensions companies decide to use distancing techniques to separate the extended product by for example giving it a different brand name. This makes it easier for the consumers to understand that the extended product is not the same as the core brand product. An excellent example of this would be Marriott hotel pursuing an expansion and deciding to call the extended product Courtyard Inn by Marriott. These type of distancing techniques work well to recognise that there is a difference in between the core product and the extended one (Keller, 2013). Figure 4 presents vertical extension and that upscale extension means higher quality and price, whereas downscale lower quality and price.

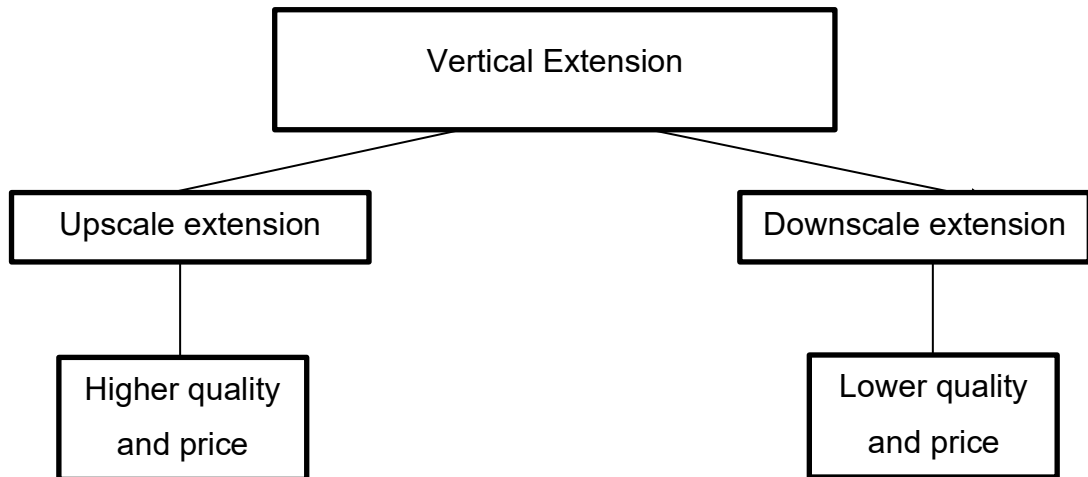


FIGURE 4. Vertical brand extension - upscale and downscale extension (Kim et al. 2001)

### 3.5.1 Upscale or step-up vertical brand extension

Step up or upscale vertical brand extension refers to an extension where the new launch is higher on price and quality in comparison to the core brand. In upscale extensions the consumers get usually given more options and higher quality. As an example, many luxury brands have been using this method to launch products in the same category, but with higher quality (Kim & Lavack, 1996). Upscale extension offer potential to reach a different market segment of buyers that are interested in higher quality products than the existing ones. Upscale extensions are typically used in luxury brands for example when a car brand wants to launch a higher quality car with more expensive pricing.

Even though the extended products offer different options and higher quality, it could affect the core brand especially if it has not had higher quality products prior to the extension. However, according to Yet, Lei, de Ruyter & Wetzals (2008) upscale brand extensions can have a positive impact to the core brand. There has been different research showing that upscale extension can have both negative or positive impact to the core brand (Goetz et al. 2014). However, it is more likely for an upscale vertical brand extension to succeed than a downscale one. This is because it offers consumers more features and quality, which can create more interest in consumers' minds as well as improve the brand



associations. It proves the brand's ability to produce high quality, which signifies better expertise on the brand. (Xie, 2008; Heath et al. 2011).

### **3.5.2 Downscale or step-down vertical brand extension**

In comparison to upscale vertical brand extension, downscale or step-down vertical extension signifies that the price or quality is lower than core brand products. Introducing a product or service in the same product category but differentiating with lower pricing and quality can be risky (Kim & Lavack, 1996).

According to previous studies, there are three ways in how a step-down vertical brand extension can hurt the core brand (Kim & Lavack, 1996):

1. It can cannibalize the core brands sales
2. Damage the reputation of the core brand
3. Turn out in negative feedback effects amongst the core brand customers

The results of previous studies show that these affects have been found in many cases of downscale vertical brand extensions, however, a downscale vertical extension can contain a lot of market potential. (Dacin & Smith, 1992; Kapferer, 2004). Whilst having many possible negative aftermaths to the core brand, launching a downscale vertical brand extension can help the company to grow and reach different market groups (Kim & Lavack, 1996). This means that for example the people who could not afford prior to an extension to the more expensive product in the same category, are able to afford the extended one. Multiple companies could see it as a potential to reach target markets that have not been tapped before and gain more customer through the process. Thus, the method is used as quality brands can eventually offer products with lower pricing and middle-class consumer segments welcome downscale vertical brand extensions warmly. This is because even though the quality is lower, there is an ability to purchase a product that did not use to be affordable to a certain target group (Kim & Lavack, 1996).

Various companies weigh the benefits of reaching different target audience and harm caused to the core brand before launching a downscale vertical brand

extension. The possible costs of losing a certain reputation or the sales for the core brand are calculated in comparison to the possible new sales and gained awareness of introducing an extension (Kim & Lavack, 1996). Downscale vertical extension might create questions and confusion amongst the customers. The core brand could be re-evaluated and there is a risk to lose credibility. This means that the beliefs created to the core brand could change dramatically and the image of the brand is not clear anymore. It is more likely to occur when there is a major gap in between the pricing of the existing category and the extension (Kim, Lavack, & Smith, 2001). As the price is lower in downscale vertical brand extensions, it is often associated with lower quality. This might cause dilution to the core brand (Riley, Pina & Bravo, 2013).

When launching a downscale vertical brand extension, a company should effectively communicate the positioning of the extension to the customers. Even though the additional category offers more variety to the customers, a company should be able to highlight the distinction of the extended category and the core brand, since the customers might not be able to understand the differences (Palmeira & Valenzuela, 2019). This could help the customers to understand that the extension offers variety rather than diluting the associations of the core brand. Thus, instead of emphasising the core brand only, the most powerful strategy is to communicate information about the extended category separately (Kotler et al. 2008).

### **3.6 Customer perception**

Customer perception refers to the associations and thoughts created by the customers to a brand (Baines et al. 2013). As the world has become increasingly more global, information is available almost everywhere and there is more competition than ever and understanding customer perception has become a crucial asset to companies (McMurty, 2017). The variety of different products and services has increased, which has forced companies to research actively the different wants, needs and expectations of the customers. The customers perceive a brand from their own perception and that can determine the success of a business (Brian, 2014).

There exist two perception styles that stand out, subjective and objective where it is the subjective perception that is primarily used to form customer perceptions. The reason for this is that information can be found from almost everywhere and before buying a certain product, it is easy to find out previous feedback and similar existing products from many places, for example online reviews (Antonides et al. 1998). It is important to research the customer perception of a brand extension since it affects how the brand image is perceived after the extension and it tells about the different wants, needs and expectations of the customers (Hardjono, Ying, 2017).

When a company launches a new product, customers decide how to perceive it. To do this, it is required from them to measure different characteristics of the product. Customer perception is one of the most crucial aspects for a product to find its place in the market (Antonides et al. 1998).

According to Aaker and Keller (1990), there are three benchmarks for a brand extension to succeed in terms of customer perception:

1. The brand has got strong existing associations
2. The customers perceive the quality high
3. The awareness of the brand is high

The customer perception of an extension is dependent on the quality of the core brand products and the fit in between the core brand category and extended one. Figure 5 shows the areas that effect the customer perception of a brand extension (Keller & Lehmann, 2006).

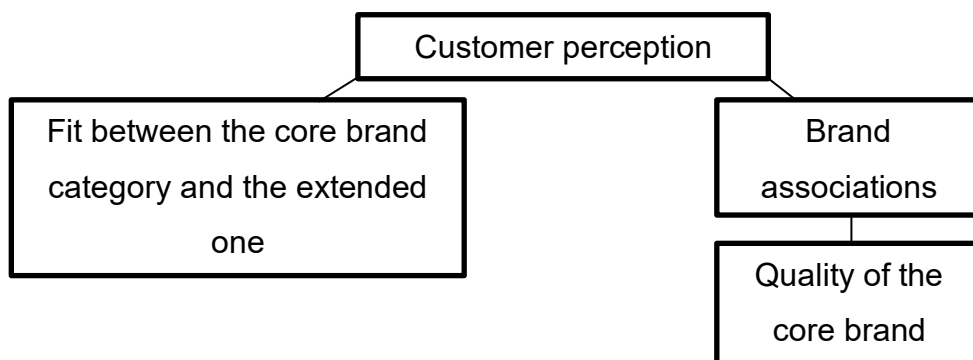


FIGURE 5. Areas of customer perception in brand extensions

Regarding customer perception, it has been researched that successful brands are more likely to receive positive customer feedback due to the existing core brand associations (Aaker & Keller, 1990). In these situations, the customers can determine if there is a need to change the perception of a brand when having a negative experience with the extended category. Typically, if the brand is extremely strong, the customers can leave the negative experience behind them (Keller & Sanjay, 2003).

### **3.6.1 Perceived fit**

Perceived fit signifies the recognised match of the core brand and the extended category in the customer point of view. Successful fit in between the core brand and the extended category can result into positive return in consumer perception towards an extension. The stronger the fit, the more likely consumers are to accept extensions and it will most likely not harm the core brand. It is possible that brand fit of an extended brand already exists in the minds of consumers because of the existing brand image of the core brand (Batra et al. 2010; Aaker & Keller, 1990; Volckner & Sattler, 2006).

According to Aaker and Keller's research, (1990), there are three measures developed regarding dimensions of fit: complement, substitute and transfer. Complement occurs when two product categories complement one another, and both are applied to fulfil a certain need. Second fit measure is substitute, which means that the products could replace each other and still fulfil customer needs. The last dimension is transfer, which refers to if the customers perceive that the company can transfer the success of the core brand category to the extended one. In case not, the core brand associations might not be transferred into the extended product, which can lead into negative feedback. It has been researched that customers perceive extensions beneficially if the extended category is consistent with the brand concept and has similarities with the core brand (Park et al. 1991).

The perceived fit is considered as an essential element for an extension to succeed or not. In case the fit between the core brand and the extended category is not perceived well by the customers, it could cause confusion amongst them and harm the core brand. If there is no fit in between the two categories, it could even trigger unwanted associations to the brand (Tauber, 1988). It has been researched that the better the fit between the core brand and the extended one, it is more likely that the new category will reach a positive transfer from the core brand. The reason for why the fit is crucial to succeed in extensions is that the perceived quality could be transferred to the extended product from the core brand if there is a clear similarity. Thus, the extended category can benefit from the perceived qualities from the core brand better than in a scenario where the perceived fit would not exist at all (Aaker & Keller, 1990; Keller & Sood, 2003).

In brand extensions the overall attitude of the core brand is seen an important factor that can affect the customer perception of the extension. If the customer general attitude of a brand is positive, the customers are more willing to accept the extended product (Aaker & Keller, 1990). Different research proves that the perceived fit is one of the major assets in customer perception of a brand extension. The attitude towards the extension is an important area of research whereby if the customers have an overall positive attitude of a brand extension, the extension will have a positive effect on the core brand as well (Boush & Loken, 1991).

Nonetheless, many research claims that the perceived fit assists the acceptance of the extended product, it could controversially damage the core brand if the level of fit is too high. The customers could lose trust in the company's ability to deliver what it is expected from them regarding their branding decisions (Keller & Sood, 2003).

### **3.6.2 Perceived quality**

The perceived quality of a certain product is when the customers perceives the product as either high or low quality (Aaker & Keller 1990). It measures the customers awareness of the excellency and dominance of the product. A high-

quality perception makes it easier for a company to succeed in brand extensions. In previous research it has been noted that when the perceived quality is higher, the company can potentially extend the brand further than in the situation of lower perceived quality (Aaker & Keller 1990). These are the following factors affecting the perceived quality: experiences with the product, demographics of customers, time pressure, perceived risk and situational variables such as purpose and position (Khan & Jatnhimapornkij, 2011).

Usually when a brand has a supportive existing quality for extensions it can ease the launch of a new category since the high quality can be transferred to new launches from the same company. If the core brand is perceived as high quality, it is more favourable for the extended brand to reach its potential and to be linked to the positive brand associations. However, if the perceived quality is low, the extension could be connected to lower quality before the customers even try the new launched service or category (Aaker & Keller, 1990).

The perceived quality is considered as a major factor when launching brand extensions. The associations of high-quality brands can turn into positive feedback for the extended category and affect its evaluation process. On the contrary, it is possible that due to the perceived quality, the expectations of the extended product are high, which can lead to disappointment when these expectations are not met (Aaker & Keller, 1990).

### **3.6.3 Brand awareness**

Customers can be familiar with a brand if they have had previous experiences with it. These experiences are formed either by using a certain product or service, seeing advertisements, or word of mouth from other users. Brand familiarity can consist of any previous heard, seen or used experiences of a certain brand (Solomon, 2016). Usually, customers tend to buy a product that they are familiar with or have heard positive feedback from another user regarding a product. It has been researched that a brand that has high brand familiarity will most likely be chosen if the alternative is a brand that does not hold the same amount of familiarity (Aaker & Keller, 1990). Existing brand awareness has a high effect on

the extension because the extended brand capitalises from the core brand associations. If a brand is remembered and has gained a lot of brand awareness, the extended product will most likely receive more customers that are wanting to purchase the new launch due to the familiarity. From a customer perspective, numerous risks are reduced when purchasing a product that is familiar than buying one that could lead to disappointment (Aaker 1990; Aaker & Keller 1990).

Regarding brand extensions, brand awareness has a high impact on the customer evaluation of an extension. If a customer holds positive associations of a certain brand, it is more likely that the customer will try out the new extended product as well (Munthree and Bick, 2006).

### **3.7 Conceptual framework**

The main theory of the thesis is downscale vertical brand extension and its affects to the customer perception. The area that will be researched is the customer perception of the brand extension. According to the main theory, even though there are many possibilities in extending a brand vertically for example reaching new target segments, there are risks involved. These include, but are not limited to the following: diluting the core brand and cannibalising its sales (Kim & Lavack, 1996). The reason why the main theory is downscale vertical extension is because the extended category that will be researched is lower on quality and price than the core brand services in the company. The research area focuses on the customer perception because the opinion of the customers is crucial to be figured out as the customers have a significant role on the success of an extension (Antonides et al.1998). In customer perception, the perceived fit and quality will be researched. The perceived fit will be measured by finding out the similarities and differences of the core brand and the quality measured by forming the general attitude of the extension. The perceived fit is important because based on previous research, it is important for the acceptance of an extension (Batra et al. 2010). Regarding the perceived quality, typically when the quality is perceived high of the core brand and the extended category, the extension will receive a positive acceptance from the customers (Aaker & Keller, 1990). The concentration will be on examining how the main theory has affected to the

research area, since it is the core of the thesis. Figure 6 presents the main theory and the research area of the thesis. The risks and benefits will be described in the results and the actual customer perception of the extension will be formed.

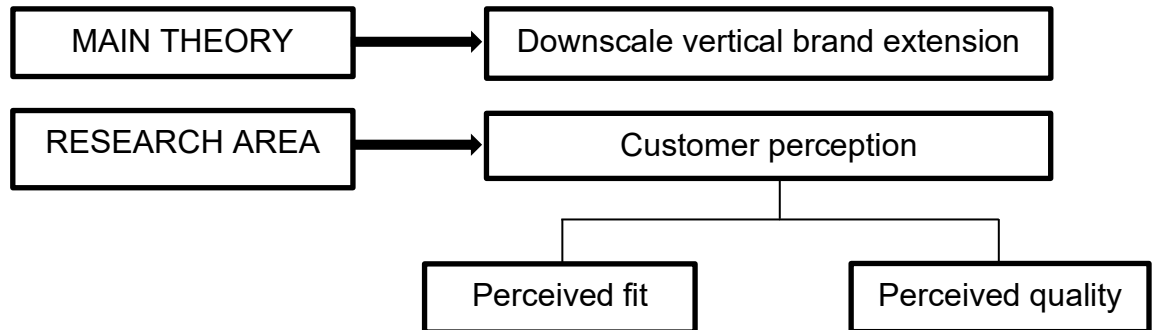


FIGURE 6. Conceptual framework



## **4 RESEARCH APPROACH**

In the research approach part of the thesis, the author will demonstrate which research method will be used to gather and analyse the data, how the data is going to be collected and what is the sample group that will be used to gain answers to analysis. The research design part will demonstrate the type of the research and the different phases, the analysis will explain further how the collected data will be analysed and the sample group and size show on what bases was it chosen and explains why it was the most relevant group to have responses from.

### **4.1 Research design**

There exists different types of research methods, for example quantitative and qualitative ones (Kothari, 2004). In quantitative research method it is essential to research variables. The variables are examined by testing correlations amongst them and providing it for example with numerical data. The thesis will include both quantitative and qualitative research methods, which means that the data collection uses the mixed research method (Creswell, 2009). Even though the data collection part focuses on mixed research method, the primary data will be analysed with quantitative research analysis methods.

There are both open and closed ended questions included in the customer survey, however, the data collected by qualitative research method will be to change into a countable form. This means that the descriptive open-ended answers that allow the sample group to give more detailed information are converted to quantitative data from qualitative (Scherbaum & Shockley, 2015). The author will ask responses to the survey from people that are relevant to the main research to avoid bias and have reliable answers. The figure below shows the process of the research design and with what different methods will de data be collected and analysed.

At first the research problem and questions are stated clearly, which makes it easier to understand what kind of questions need to be formed in the research methods. Background data collection method will be used to gather information on what exactly should be the focus of the thesis. The main theoretical framework part will be decided and examined how it will most likely correlate with the results received from the collected data. Once the background information has been analysed and the theoretical framework decided, the focus will be on the main research, customer perception. A sample group that is relevant for the research will be decided and a survey created that will collect answers to the research questions. The survey will be tested by gathering answers from employees of the company. Once the survey is tested, the data can be collected from the sample group. The data will be entered to Excel and transformed into an accountable way. Ultimately, the data will be analysed by using different quantitative analysing methods and the theoretical framework part will be referred to provide recommendations and solutions to the commissioner.

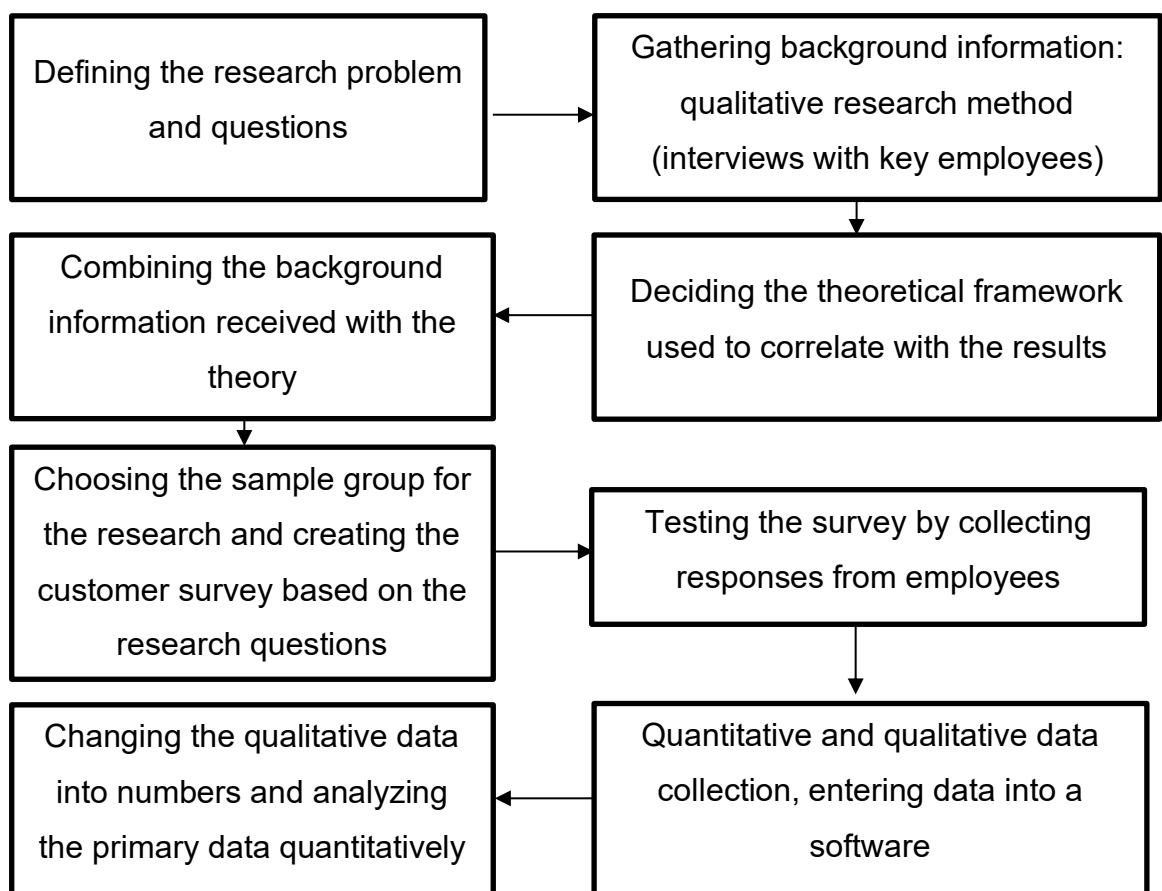


FIGURE 7. Research design

## 4.2 Data collection methods

The primary data will be collected by both quantitative and qualitative data collection methods because the survey included both open and closed ended questions. The background information will be collected by qualitative data collection methods, by gathering responses based on interviews and an exchanged e-mail. This means that the data will be gathered by the mixed method: collecting information both quantitatively and qualitatively. The qualitative data collection method in the survey will allow the respondents to think critically.

The company perception was used only for the background research and since the focus is on the customer perception, the only part that will be included in the analysis of the primary data will be the brand elements that the commissioner finds relevant to ensure the brand experience. This research will allow the company to explore the fit of the extended category to the core brand concept and assist on future expansions and market strategies. The information will be gathered from the key employees that oversee marketing in the company. Marketing Coordinator in Finland, Marika Manninen and the Acting Director of Marketing at SATS Group, Nordhagen will be interviewed. Furthermore, questions regarding the extension and previous extensions will be asked via e-mail from Raita, the Country Manager in Finland.

The primary data collection, the responses to the customer survey are collected during three full days and the aim is to receive 50 responses within a week. A well planned and designed research helps to minimise bias and the reliability of the data is high (Kothari, 2004). Therefore, the sample group and the research approach were considered carefully, to avoid bias and have a reliable research. The type of research is empirical as it counts on experiences and investigation (Kothari, 2004). For a research to be empirical it needs to examine human behaviour, gather a set of information and analysing that data (Albers, 2017).

To be able to examine the effects of the brand extension in customer perception, the existing members of ELIXIA in Turku region that have visited or are using

both ELIXIA Skanssi and a different club were asked to respond to the survey. The respondents of the sample group were selected for the survey because they have used both the core brand services and the extension. These members have either a region wide membership, one club membership that has been transferred from another ELIXIA club into Skanssi or transferred from Skanssi into another ELIXIA club. Their experience signifies the ability to compare the differences in between the two different concepts.

As the respondents are existing members of ELIXIA, the brand familiarity is not necessary to be tested, however, to ensure the reliability of the data collected, in the beginning of the survey it is asked in case the respondent has visited both ELIXIA Skanssi and another gym in Turku region. The collection of the answers of the sample group will occur at ELIXIA Skanssi and by sending the survey forward to the people that the author knows have visited both brand categories. Figure 8 demonstrates how the primary data will be collected. The author chose this method as asking to respond face to face to a survey is more effective and efficient than e-mails. An iPad will be used to collect the answers and a raffle as an incentive to gain responses from the customers. The customers are asked at the location if they have been to another ELIXIA club in Turku region. If the answer is yes, they will be asked to fill the customer survey.

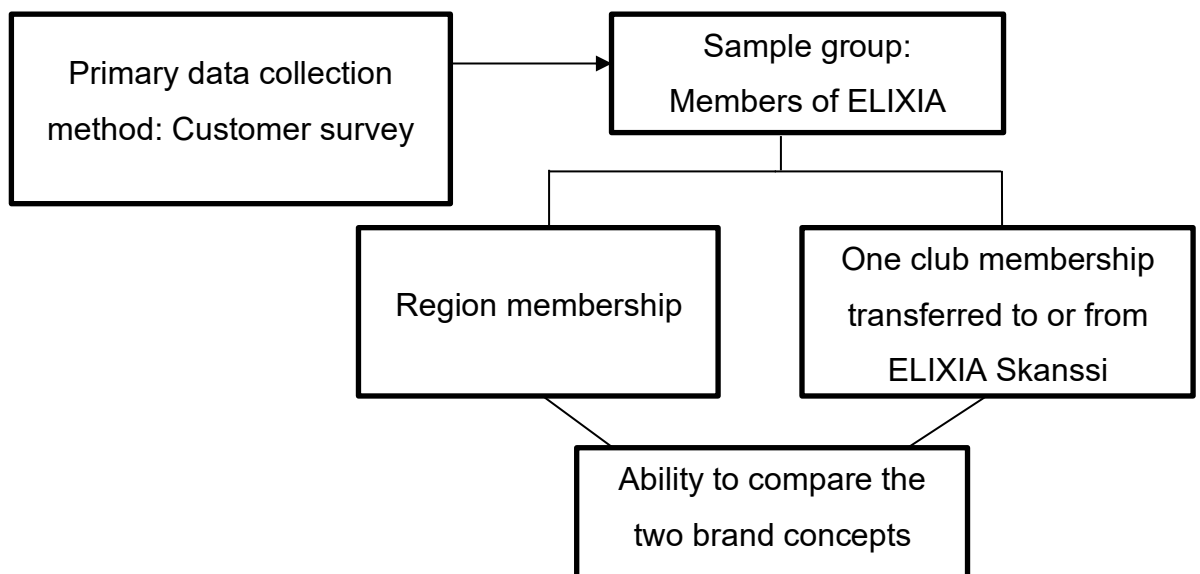


FIGURE 8. Data collection method: sample group of customer survey

The open-ended questions of the customer survey allowed the respondents to provide their own responses about the core brand and the extended category. Close-ended questions will be used to measure the brand fit between the core brand. Numerous previous research evaluate the differences amongst the prior and post extension attitudes, however, this research aims finding out the post-extension perception and that is why it had to be formed in methods that evaluate the attitude after the extension. The findings of the research focus on the customer perception of the extension and the similarities as well as differences in the characteristics of core brand and the extended category. From the survey, the participants provide answers to the core research questions of the thesis. These are the measures of the perceived fit, the general attitude and quality of the extension and the core brand services. In the beginning of the survey, the respondents are asked to answer to open-ended questions to gain knowledge on how they react to the core brand services in comparison to the extension. Then the respondents are asked to rate from 1-5 (number 1 signifies strongly disagree and 5 strongly agree) how the characteristics of the core brand services agree with ELIXIA brand and the following question was the same of ELIXIA Skanssi. This allows to understand how the fit of the extension reflects on the core brand from the customer point of view. The last parts of the survey include an open-ended question to find out how the respondents experience ELIXIA Skanssi differ from other ELIXIA clubs in the region. The survey finishes with asking the demographics of the customers.

### **4.3 Research analysis**

When the data is collected, all the qualitative responses will be transformed into a countable way. The qualitative data collected in the customer survey gathers characteristics that repeat themselves for several times. This means that if the respondents give similar answers to one another, the repeated characteristics will show the results. When the data is transformed into a countable way, figures will be made by using Excel software to demonstrate the results.

There exist numerous methods to analyse data quantitatively. For this thesis the author chose to use the exploratory factor-analysis and cross-tabulation analysis

methods for the primary data. The cross-tabulation analysis signifies figures that demonstrate the results of the respondents. It is the most commonly used technique in quantitative analysis. This analysis method permits to find correlations in the data that might not be apparent when analysing by analysing the results only. Cross-tabulation analyses multiple variables (Stevens et al., 2006). The main research question on the survey asks the respondents to rank from 1-5 how the brand elements described by the brand owner correlate with the core brand and the extended category will be analysed by using the factor-analysis method. This method allows to measure the validity of scales and to illustrate that the two categories belong together, however, are dissimilar to one another. There are two different types of factor-analysis methods: exploratory (EFA) and confirmatory (CFA). The exploratory factor-analysis looks for connections among variables allocated the objects based on the correlations. The confirmatory factor-analysis focuses on methods to prove a certain task of items to accord them with the correlations (Dawson, 2017, 5). The reason for why the factor-analysis method is required is because two similar categories are used. The factor-analysis that will be used to analyse the answers to the data collected in this thesis is exploratory.

The analysis will focus on the numerical data gained from the results and it will be analysed and compared with the main theory, downscale vertical brand extension. The analysis focuses on answering the research questions and understanding the customer perception of the downscale vertical brand extension. To understand the general post-extension attitude of the extended service and its fit to core brand services, the following areas will be analysed with the methods above once the collected data is collected: perceived fit and the general customer attitude towards both the core brand products and the extended one. The analysis will focus mainly on revealing the main differences and similarities in between the two service categories and how they correlate with the theory. The quantitative analysis will help to provide necessary information to prove the repeated characteristics and the theoretical framework to demonstrate the effects of the downscale vertical brand extension.

## 5 RESEARCH FINDINGS AND ANALYSIS

The results collected from the customer survey will be presented with figures below and the following section will contain analysis of the results after explaining each researched area. The theoretical framework in the main study will be compared to the results and analysed with the methods used to test the customer perception of the brand extension. The aim of the survey was to gain answers to the following research questions:

1. *Do the customers perceive the extended category as a fit to the core brand services in the region and if so, what are the similarities and differences between the characteristics?*
2. *Do the customers hold a positive attitude towards the extension and is it perceived as successful?*
3. *Is the overall customer opinion of the perceived quality between the core brand and the extended category considered high or low?*

A total of 60 responses were received during the three days when the data was collected (16.4. & 19-20.4.). The respondents were chosen randomly whilst visiting ELIXIA Skanssi and by sending it to the people that the author knew had visited the core brand service and the extended category. The respondents were asked in case they have visited another ELIXIA club than Skanssi. If the answer was yes, they were asked to respond to the survey. Based on the results, the findings and analysis were conducted.

### 5.1 Research area 1

To ensure that the respondents have visited both ELIXIA Skanssi and another ELIXIA club in Turku region, the first question of the survey asked the customers if they have been into both ELIXIA Skanssi and another ELIXIA club in the region.

### 5.1.1 Research area 1 – Brand Awareness

Out of the 60 responders, 100% have visited both ELIXIA Skanssi and another ELIXIA club in the region. This means that they can compare the core brand category to the extended one. Referring to the brand awareness part of theory, the responders have enough knowledge about the both categories as they have been to or are using the services of both categories.

### 5.2 Research area 2 – ELIXIA customer adjectives

In this part of the survey, the customers were asked to describe ELIXIA brand with 3 adjectives. These adjectives are compared in the analysis to which areas the commissioner finds the main brand elements that help on giving the brand experience. The reason for why this question was asked was to find out the characteristics that comes into the mind of the customers when asking about the brand and to discover if there were similarities in between the elements provided by the commissioner and the customers. The adjectives that received the most repetition are presented below in figure 9.

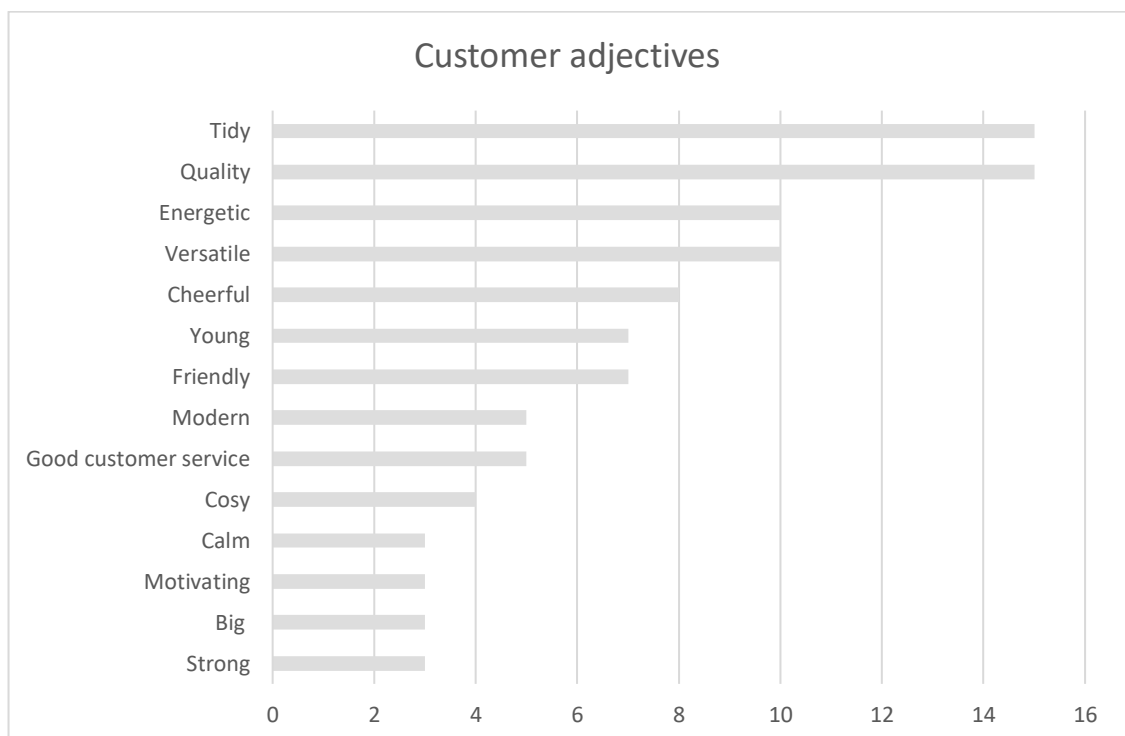


FIGURE 9. Customer adjectives



### **5.2.1 Analysis**

Based on the adjectives given from the customers, there were clear similarities in the answers received as shown in figure 9. The adjectives that received most answers were tidy and quality, meaning that cleanliness and high quality is seen as the main adjectives that comes into the customers minds when thinking about ELIXIA brand. The adjectives that received the most answers after the cleanliness and quality were energetic, friendly, versatile, cheerful and young. The similarities in between the brand elements received from the commissioner and customers, motivating was the only one that came up in the results and was mentioned only for three times (Figure 9). Regarding to the company position, the inspirator, cheerful and motiving characteristics result that the commissioner has managed to fulfil its position in the Turku region. In summary, the results portrayed how customers perceive ELIXIA and if the elements mentioned by the brand owner would be brought up.

### **5.3 Research area 3 – Similarities in characteristics**

In this area of the analysis, the customers were asked firstly what comes into their minds when thinking about another ELIXIA club than Skanssi (for example atmosphere and facilities) and then the same questions was asked of ELIXIA Skanssi. This research area answers to the following research question: do the customers perceive the extended category as a fit to the core brand services in the region and if so, what are the similarities and differences between the characteristics?

The strongest characteristics perceived by the customers of both core brand and the extended one are showed in the figures 10 and 11. The ones that were mentioned three or more times are showed in the calculations. After the figures, an analysis is formed based on the results and theoretical framework.

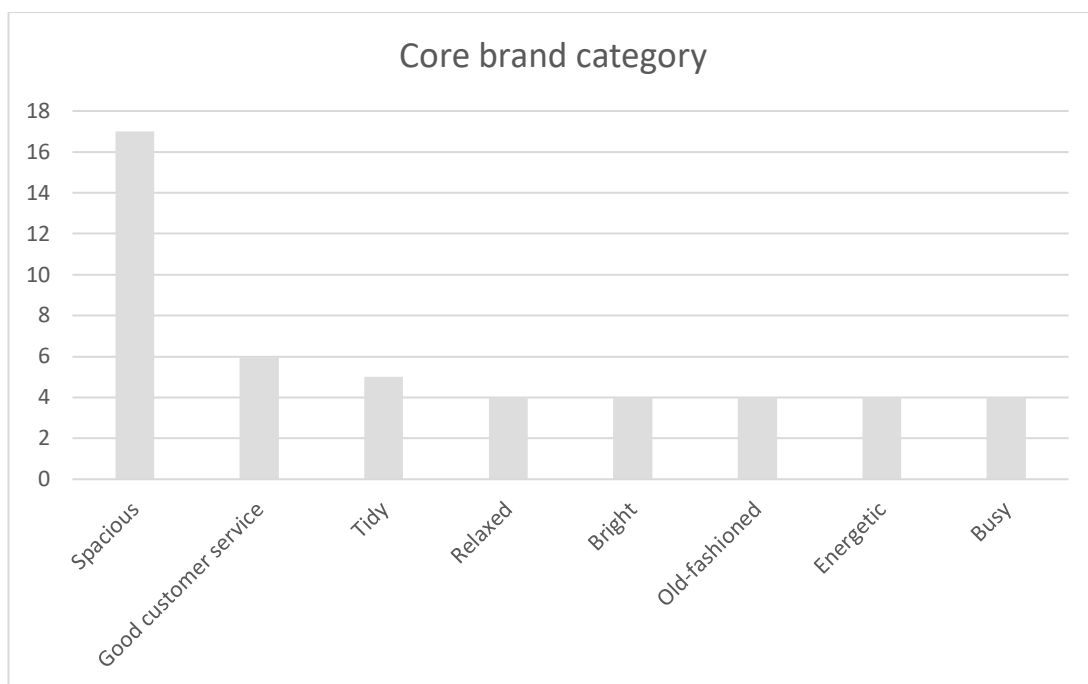


FIGURE 10. Core brand category

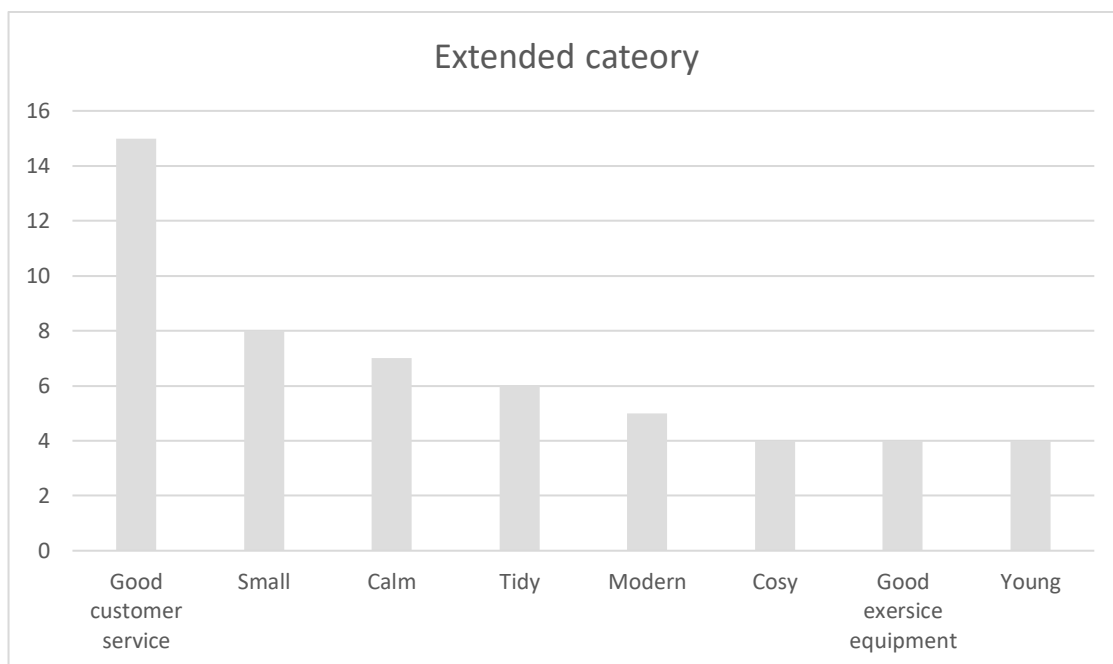


FIGURE 11. Extended brand category

### 5.3.1 Analysis

There were clear similarities in the results between the two categories that stand out. Referring to figures 10 and 11 these are the quality of customer service, cosy and tidy. These results show that the quality of customer service, cleanliness and good atmosphere is noticeable characteristics by the customers. The results show that the main similarities remain in the areas that are managed by the employees and not dependent on physical appearance. These characteristics could be affecting the overall view of the acceptance of the extension as the customer service has either remained the same or the quality is even better. The results prove also that the atmosphere created by the employees can have a major impact on how the customers perceive a certain brand category. Especially regarding customer service, which is the area where the extended category received most answers for. Instead of firstly responding about the facilities or general outlook of the club, the respondents embraced the high-quality customer service of both brand categories.

When it comes to the major differences in the similarities, according to the customers the size of the club is the largest difference amongst these two brand categories. "Spacious" was the most described when asking what comes into their mind when thinking about the core brand service clubs. A total of 17 respondents wrote that the space was large, whereas the extended category received 8 responses for the characteristic "small". For the core brand category, old-fashioned was mentioned in total of 4 times and for the extended one, adjectives such as modern or young for 9 times. There were in total of 6 responses that the extended category is calm and the core brand services got 3 responses for busy, however, relaxed was mentioned for core brand services for 3 times as well. It affects majorly at what time or to which core brand service club has the exact customer been to because the rush hour and the magnitude of members varies in each club. From all the 8000 members in the region, around 3000 hold a membership to Jokivarsi, which means that it is most likely that there are more visitors at that core brand service club in comparison to for example Centrum, which has half as many members.

This points out the following facts: it is clear to the customers that the two categories differ from one another, especially with size and being either old or modern. The fact that the customers perceive the extended category calm, however the core brand service clubs busy and relaxed demonstrate that it depends to which club has the customer visited and during what time.

In conclusion, the customers perceive clear similarities between the two categories, but understand the differences clearly as well. The main similarities are mainly the cleanliness, quality customer service and being friendly, whereas the differences remain on the size and whether a club is old or new (Figures 10 and 11).

#### **5.4 Research area 4 – Factor-analysis on the perceived fit**

This part of the analysis will include a factor-analytical research method to analyse the results of the survey. This was to analyse the results by using the brand elements received from the commissioner and to test the perceived fit of the extended category to the core brand category. The factor-analysis will allow to search for correlations in between the two categories and to measure the fit.

The characteristics mentioned by the brand owner were added into the customer survey and the respondents asked to rate how do they agree with both another ELIXIA club in the region and ELIXIA Skanssi. Additionally, quality customer service was added into the rating since according to the brand manager in the Nordics, the opening hours of the customer service is the main difference in the two service categories. The customer service is open in the core brand category all the time whereas, being open in the extended category only for maximum of 7 hours per day, which is why the area was important to be included. Table 2 shows the results of the factor-analysis and the characteristics mentioned by the brand owner.

TABLE 2. Average rating of core brand category and the extended one

	Other ELIXIA club than Skanssi	ELIXIA Skanssi
Nice facilities	<b>4,3</b>	4,1
Quality customer service	4,36	<b>4,72</b>
Motivating	4	<b>4,47</b>
Inspiring	3,9	<b>4,3</b>
Good selection of exercise equipment	3,97	<b>4,1</b>
Wide selection of group training	<b>3,98</b>	3,3
High quality personal training services	<b>3,77</b>	3,72

#### 5.4.1 Analysis

The results of the averages answered to all the three research questions:

*Do the customers perceive the extended category as a fit to the core brand services in the region and if so, what are the similarities and differences between the characteristics? Is the overall customer opinion of the perceived quality between the core brand and the extended category considered high or low? Is the overall customer opinion of the perceived quality between the core brand and the extended category considered high or low?*

Based on the results (Table 2), the customers rated ELIXIA Skanssi close to the same averages as the other clubs in the region. This proves that the extension is perceived as a high fit to the core brand services in the region. However, based on the results in table 2, the customers rated that the facilities are nicer in the other clubs than ELIXIA Skanssi and the selection of group training and personal training services are not ranked as high. The highest gap is for group training, which was ranked to be in average total of 0,68 higher in the extended category than the extension. The reason that affects the lower ranking of group training is that there is less possibility to offer live group training due to the size of the club and the opening hours of customer service. The difference amongst the high quality of personal training services is minimal, 0,05 difference and the nice

facilities 0,2, higher in the extended category. The extended category was ranked higher in the following areas: quality customer service, motivating, inspiring and good selection of exercise equipment. Quality customer service was ranked to be higher by 0,36, motivating 0,47, inspiring 0,4 and good selection of exercise equipment 0,13.

Since the fit is perceived high the following results can be concluded: The results prove that the fit is extremely high and even in some characteristics the average of the extension is higher than in the core brand category (quality customer service, motivating, inspiring and good selection of exercise equipment). These findings show that extension has reached a positive transfer from the core brand and the extension has benefitted from the perceived qualities. Based on Aaker & Keller's research, the three measures are fulfilled, which means the following: the two categories complement one another and they both fulfil a certain need. The two categories could replace one another and still fulfil customer needs and the success of the core brand category has been transferred to the extension. However, referring to the perceived theory, when the fit is too high it can harm the core brand and the customers could have started to re-assess the company's ability to deliver what is expected from them (Keller & Sood, 2003).

The results indicate that the perceived quality in both the core brand and the extended category is considered high. The customers are satisfied with both brand categories, but also experience the range of services to be higher in the core brand clubs (such as nice facilities and wide selection of group training), however, the services managed by the employees higher at ELIXIA Skanssi.

## **5.5 Research area 5 – General attitude of the extension**

In this section of the research the respondents were asked to first rate from scale 1-5 how well do they think the expansion fits to ELIXIA brand. Then the respondents were asked to measure the general attitude as an open-ended question. Finally, the respondents were asked as an open-ended question their opinion of the expansion of ELIXIA to Skanssi. Figure 12 presents the results of how well do the customers think the expansion fits to ELIXIA brand. The

questions were aimed to answer to the following research questions: *Do the customers perceive the extended category as a fit to the core brand services in the region? Do the customers hold a positive attitude towards the extension and is it perceived as a success?*

Kuinka koet laajennuksen soveltuvan ELIXIA:n brändiin? How well do you think the expansion fits to ELIXIA brand?  
60 responses

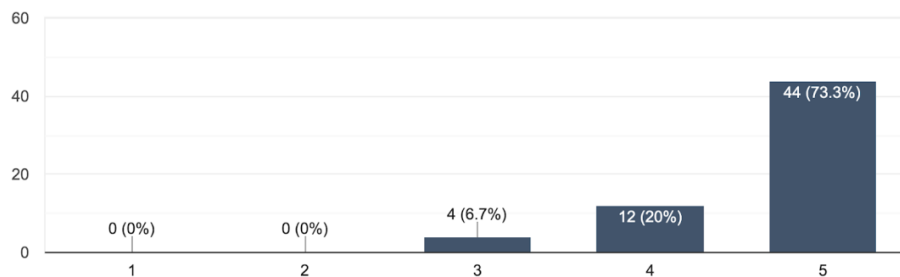


FIGURE 12. The suitability of the extension (close-ended question)

### 5.5.1 Analysis

Out of the scale from 1-5 when asking how well the customers think the extended category fits to the company brand, in total of 44 respondents (73,3%) rated 5, 20% rated a 4 and only 6.7% rated a 3. This refers to that according to the customer perception, the extended category is suitable for ELIXIA brand with an average of 4,7. When the respondents were asked straight-forward with an open-ended question their opinion of the extension, all of the answers were positive and answered that the extension has been excellent, a good addition to the variety and is located at a convenient place. According to figure 12, the extension is perceived to fit well to the core brand and the customers hold a positive attitude towards it.

### 5.5.2 Research area 6 – The main differences amongst the two categories

On this part of the results, the figure shows the main differences in customer perception when comparing the two service categories. The purpose was to find out how the customers perceive the main differences and what characteristics

are highlighted the most. This part answers to *what are the differences between the characteristics of the core brand and the extended category?* Out of all the mentioned characteristics, the ones that were mentioned the most were included in figure 13.

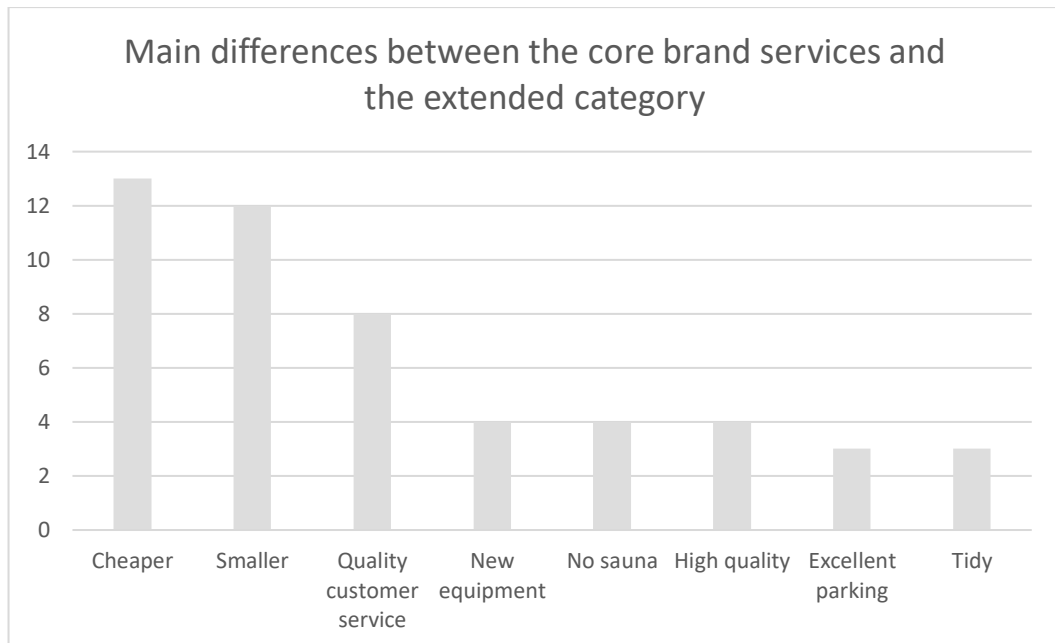


FIGURE 13. Main differences between the core brand services and the extended category

### 5.5.3 Analysis

The customer perception of the main differences amongst the core brand category and the extended one is that the extended category is cheaper and smaller. These two characteristics were mentioned clearly the most out of all when asking the customers to describe in their own words the differences amongst the services of the core brand and the extended category.

Based on the differences shown in figure 13, ELIXIA Skanssi is perceived as a modern club with new equipment and to be high of quality. The club is new (exercise equipment from 2018), which is clear to the customers. The location and parking are characteristics that bring value to the club. Unlike any other club in Turku, ELIXIA Skanssi is secured with inside and outside parking. The location



is only 10 minutes away from the city centre, which makes the club convenient to reach by car, public transport, bike or even walking. The results show that the customers perceive it important to have a sauna at the club and the four respondents that wrote about the sauna missing included that if the club would have a sauna, they would be more satisfied with the service category.

In conclusion, the customers recognise that the club is smaller and cheaper in comparison to the clubs of the core brand services in the region and would hope that ELIXIA Skanssi would contain a sauna, despite the fact this service is not included within the service category. Furthermore, the quality of customer service is perceived high and the club to have new equipment, being in general high of quality and tidy.

## 5.6 Demographics

The demographics reveal the gender and age of the 60 respondents that responded to the survey. Figure 14 shows the gender, whereas figure 15 the age group

Olen.. / I am..  
59 responses

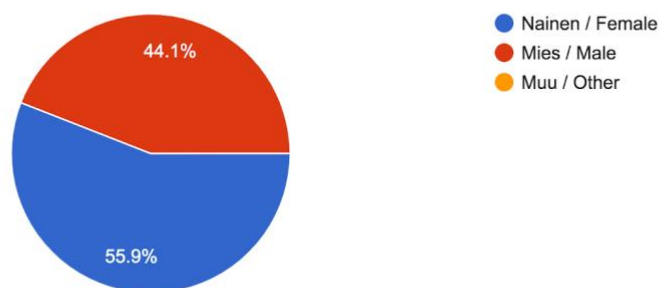


FIGURE 14. Demographics

Ikäryhmäni on.. / My age group is..  
60 responses

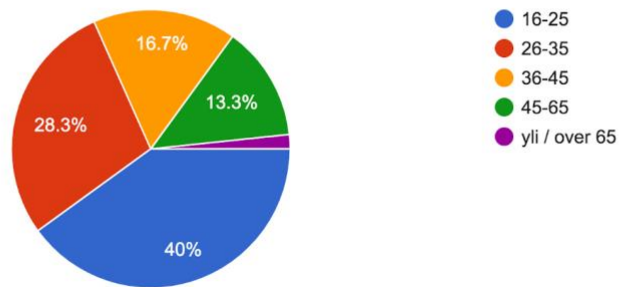


FIGURE 15. Age group

### 5.6.1 Analysis

Based on figures 14 and 15, out of the 60 respondents, 55.9% were, 44.1% male and one of the respondents left the question blank. This means that in total of 59 responded to the gender question of the survey. The age group of the respondents included various ages, however, the main group being 16-25-year-olds. The second largest group 26-35, then 36-45, 45-65 and eventually over 65-year-olds.

## 6 RECOMMENDATIONS AND CONCLUSION

The objective of the thesis was to gain an understanding of the customer perception of a downscale vertical brand extension and its fit to the core brand services in Turku region for SATS Finland Oy. The commissioner benefits from the thesis by understanding how the customers perceive the exact downscale vertical brand extension, the main differences between the core brand category and the extended one and what kind of effects can a brand extension have on the core brand. Additionally, the commissioner will be able to understand the main characteristics of ELIXIA brand, core brand service clubs and the extension in the region perceived by the customers.

The fit between the core brand and the extended category is perceived well and the customers are satisfied with the extension offering more variety in many areas (for example: modern club with new exercise equipment, good location, group training and wider opening hours). It has enabled the commissioner to reach more target groups than before and the existing members with region-wide memberships are satisfied with the additional offerings. The customers ranked the extension to be as high quality in many areas and in some even higher than the core brand services, these being inspiring, motivating, good exercise equipment and high-quality customer service. The main differences perceived by the customers are that the extended service category is smaller, cheaper and does not have a sauna. The similarities in between the two categories are the following: tidy, friendly and high-quality customer service. The overall quality between the core brand and the extended category is considered high and the results prove that the customers are extremely satisfied with the services offered by both the core brand services and the extension.

The high fit signifies that the extension has reached a positive transfer from the core brand. Hence, the high quality of the core brand has been transferred to the extension and the extended category benefitted from the perceived qualities from the core brand (Aaker & Keller, 1990). According to the main theory, the extension has caused dilution and cannibalised the sales of the core brand services. In addition, the customers might re-assess the company's ability to

deliver what is expected from them (Keller & Sood, 2003). When there is a major gap in pricing between the core brand and the extended category, the beliefs created to the core brand could change dramatically, the image of the core brand is not clear anymore and the extension cannibalises sales of the core brand (Kim, Lavack & Smith, 2001). The customers that have subscribed because of the existing brand image might re-evaluate the brands credibility. It could cause a change to the purchasing decisions for the customers that perceive the brand to offer the services available at the clubs designed by the core brand concept.

Based on the theoretical framework and main research area, these are the following recommendations from the author to the commissioner:

It is crucial to calculate the lost sales from the core brand services to the extended category. It would reveal that the extension has had an influence on the sales of the core brand services. With the results, the commissioner can weigh the benefits, lost, and gained customers after launching the extension. To avoid diluting the core brand, when pursuing a downscale vertical extension, the commissioner should focus on promoting the extended category separately instead of solely focusing on the core brand. The advertising should focus on the characteristics perceived by the customers, which are that the extended category is smaller, cheaper, modern with new equipment, contains no sauna and has got excellent selection of parking. The major gap in the pricing of the core brand and the extended category could be decreased by changing the pricing higher for ELIXIA Skanssi due to the high fit to the core brand services. These methods are efficient to avoid the dilution and cannibalizing the sales of the core brand whilst keeping the brand image to what is expected from the customers. It should be made clearer to the customers that the extension offers variety to the region without harming the associations of the core brand services. Thus, the commissioner should plan and highlight more effectively about the differences amongst the core brand services and the extension. This way the customers could measure the differences and similarities without getting confused of the two categories. This would make the purchasing decision easier when the extension is not confused with the core brand category. The results of the main research area of the thesis will help to understand what type of characteristics should be

highlighted when advertising the extended category and the core brand to the customers.

## **6.1 Limitations and discussion**

As in almost every research process, there were a few limitations during the thesis. These were that the major differences in between the core brand clubs were not differentiated well enough, even though at least one of them being very different amongst the core brand services to the others, especially regarding size. In the customer survey it was not researched into which other club they refer to when answering to the survey, which could affect the analysis of the results. The core brand service categories differ from one another broadly, for example Trivium being a lot smaller than the other clubs from the core brand services in the region. This indicates that the ones who gave responses to the survey had different points of views as some had visited only one club, whereas another person all the clubs. To have avoided this, in the customer survey there could have been included a question asking to which other ELIXIA club had the respondent visited. This could have given an important insight on the differences on the answers depending on which core brand club had the person visited, even though the category is the same.

The size of the sample group could have been larger to gather more information on the customer perception and to if there would have been more responses, the results would have been even more accurate. The literature view focused on various old marketing books and research, whereas even more recent data would have proven more accuracy to the topic. The last limitations would be the time, resources used on the thesis and the level of experience of the author in writing a long research. There was a hurry at the end of the writing process and the author has not completed this type of research prior to this, which made the whole process difficult at times.

The author of the thesis gained various learnings during the process of writing and conducting a research. This was the first time for the author to pursue this type of research. One of the most challenging parts was during the times of

writer's block, when all the thoughts were on the writing, but not much was concretely done. The main challenges were to start the whole writing process after the planning part and to manage time when not been given a certain deadline. The author was working full-time whilst writing the thesis, which affected the process. During the working days it was difficult to focus on thesis writing, but this taught the author a lot about time management and how to succeed in doing two big "projects" at the same time. It taught about using time effectively and learn to not procrastinate when having important steps academically and career-wise.

## **6.2 Further Research**

During the writing process, the author recognised areas that would need to be researched by the commissioner. Based on the interviews with key employees and the research findings, the author recommends the commissioner to research how to effectively communicate the customers about the diversity of the product offerings without harming the core brand services. This could give answers to what exact methods could be used when extending the brand and give further solutions to how to extend a brand without harming the existing image of the core brand. As this thesis provided information that the high fit has caused dilution to the core brand, another research that could be conducted would be if the customers re-evaluate the core brand at a lower level in case the commissioner is planning to continue opening more clubs with lower quality and pricing. It could give responses to what kind of quality expectations do the customers have after having more clubs with the extended category as well as the core brand. Finally, as brand management amongst different countries can be difficult, a further research should be conducted on how to manage an international brand effectively.

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## APPENDICES

### Appendix 1. Corporate background information interviews

Questions of corporate background interviews with key marketing employees:
1. In Norway the low-cost and service clubs are known by different brand name as the ones with higher quality and pricing. How did you end up deciding on this?
2. Have you experienced in your past extensions any negative or positive effects on the parent brand in terms of customer perception?
3. How do you expect your final consumer to perceive the core brand after an extension?
4. Is there any previous research or data available on a similar topic? For example, brand extension in customer perception or about branding in the company in general? In case there is existing data on the topic, would you be able to provide it to me?

### Appendix 2. Corporate background information e-mail

Questions sent via e-mail to the Country Manager of SATS Finland Oy
1. Did you research prior to the extension the effects of the new brand launch to ELIXIA Brand and other clubs in Turku region?
2. Why was it decided to take the Base-name away from the extended category? Did you research the possible affects?
3. Have you experienced in your previous extensions (Helsinki and Tampere) any negative or positive affects regarding customer perception?
4. How would you want the customers to experience the core brand after an extension?
5. Is there any previous research of extending the core brand? For example, customer perception of a brand extension?

## Appendix 3. Customer Questionnaire 1(6)

24/04/2021

Asiakaskysely ELIXIA:n laajennuksesta Skanssiin Turun alueella / Customer questionnaire on the expansion of ELIXIA to Skanssi in the Turku r...

### Asiakaskysely ELIXIA:n laajennuksesta Skanssiin Turun alueella / Customer questionnaire on the expansion of ELIXIA to Skanssi in the Turku region

Hi! Tämä kysely on luotu opinnäytetyön tutkimustyötä varten. Tutkimuksen tarkoituksena on selvittää asiakkaiden näkökulmia ELIXIA:n laajennuksesta Skanssiin Turun alueella. Tutkimukseen vastataksesi sinun tulee olla käynyt sekä ELIXIA Skanssissa että toisessa Turun alueen ELIXIA-keskuksessa. Tutkimuksen tuloksia hyödynnetään asiakaskokemuksen kehittämiseen ja vastaukset ovat luottamuksellisia. Vastaamiseen menee noin 5 minuuttia ja vastaamalla sinun on mahdollisuus voittaa itsellesi lavallinen NOCCO-energiajuomaa. Kiitos osallistumisesta jo etukäteen.

Hi! This survey has been created in order to receive research data for a thesis. The purpose of the research is to find out the customer perception on the expansion of ELIXIA to Skanssi in Turku region. To be able to respond to the survey, you need to have the experience of using the services of both ELIXIA Skanssi and another ELIXIA Gym in Turku region. The results of the survey will be utilised to enhance the customer experience at the gyms and the answers are confidential. It takes around 5 minutes to respond and by doing that, you will have a chance to win yourself a 24-pack of NOCCO energy drink. Thank you in advance for participating.

1. Oletko käynyt ELIXIA Skanssin lisäksi vähintään toisessa Turun alueen ELIXIA-keskuksessa? Have you been into both ELIXIA Skanssi and another ELIXIA gym in Turku region?

*Mark only one oval.*

Kyllä / Yes

En / No

2. Mainitse kolmella adjektiivilla mitä tulee mieleesi ELIXIA brändistä? Describe with three adjectives what comes into your mind about the ELIXIA brand?

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## Appendix 4. Customer Questionnaire 2(6)

24/04/2021 Asiakaskysely ELIXIA:n laajenuksesta Skanssiin Turun alueella / Customer questionnaire on the expansion of ELIXIA to Skanssi in the Turku r...

3. Kuvittele, että olet juuri saapunut johonkin muuhun Turun alueen ELIXIA-keskukseen kuin Skanssiin. Miten kuvailisit esimerkiksi vallitsevaa tunnelmaa ja tiloja? Imagine arriving at another ELIXIA gym in Turku region than Skanssi. How would you describe, for example, the atmosphere and facilities?

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4. Nyt kuvittele olevasi ELIXIA Skanssissa. Kuvaile mitä tulee mieleesi? Now imagine being at ELIXIA Skanssi. Describe what comes into your mind?

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## Appendix 5. Customer Questionnaire 3(6)

24/04/2021

Asiakaskysely ELIXIA:n laajennuksesta Skanssiin Turun alueella / Customer questionnaire on the expansion of ELIXIA to Skanssi in the Turku r...

5. Arvostele asteikolla 1-5 kuinka nämä seuraavat ominaisuudet sopivat kuvailemaan jotain muuta ELIXIA-keskusta Turun alueella kuin Skanssia? On a scale from 1-5 how do these characteristics agree with another ELIXIA gym in Turku region than Skanssi?

Mark only one oval per row.

	1 Täysin eri mieltä / Strongly disagree	2 Jokseenkin mieltä / Partly disagree	3 En osaa sanoa / Don't know	4 Jokseenkin samaa mieltä / Partly agree	5 Täysin samaa mieltä / Strongly agree
Hyvät tilat / Nice facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Korkeanlaatuinen asiakaspalvelu / High quality customer service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Motivoiva / Motivating	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inspiroiva / Inspiring	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hyvä valikoima treenivälineitä / Good selection of exercise equipment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Laaja valikoima ryhmäliikuntaa / Wide selection of group training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Korkealaatuisia personal training palveluita / High quality personal training services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Appendix 6. Customer Questionnaire 4(6)

24/04/2021

Asiakaskysely ELIXIA:n laajennuksesta Skanssiin Turun alueella / Customer questionnaire on the expansion of ELIXIA to Skanssi in the Turku r...

6. Arvostele asteikoilla 1-5 kuinka nämä seuraavat ominaisuudet sopivat kuvailemaan ELIXIA Skanssia? On a scale from 1-5 how do these characteristics agree with ELIXIA Skanssi?

Mark only one oval per row.

	1 Täysin eri mieltä / Strongly disagree	2 Jokseenkin eri mieltä / Partly disagree	3 En osaa sanoa / I don't know	4 Jokseenkin samaa mieltä / Partly agree	5 Täysin samaa mieltä / Strongly agree
Hyvät tilat / Nice facilities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Korkealaatuinen asiakaspalvelu / High quality customer service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Motivoiva / Motivating	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inspiroiva / Inspiring	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hyvä valikoima treenivälineitä / Good selection of exercise equipment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Laaja valikoima ryhmäliikuntaa / Wide selection of group training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Korkealaatuisia henkilökohtaisia palveluita / High quality personal training services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Appendix 7. Customer Questionnaire 5(6)

24/04/2021 Asiakaskysely ELIXIA:n laajennuksesta Skanssiin Turun alueella / Customer questionnaire on the expansion of ELIXIA to Skanssi in the Turku r...

7. Mitä mieltä olet ELIXIA:n laajennuksesta Skanssiin? What do you think about the expansion of ELIXIA to Skanssi?

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8. Kuinka koet laajennuksen soveltuvan ELIXIA:n brändiin? How well do you think the expansion fits to ELIXIA brand?

*Mark only one oval.*

	1	2	3	4	5	
Erittäin heikosti / Extremely weakly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Erittäin hyvin / Extremely well

9. Kuvaile omin sanoin miten ELIXIA Skanssi eroaa mielestäsi muista Turun alueella vierailmistasi ELIXIA-keskuksista? (Esimerkiksi laatu, hinta, tilat, asiakaspalvelu ja tunnelma) In your opinion, how does ELIXIA Skanssi differ from the other ELIXIA gyms in the Turku region? (For example quality, price, facilities and atmosphere)

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10. Olen.. / I am..

*Mark only one oval.*

- Nainen / Female
- Mies / Male
- Muu / Other



## Appendix 8. Customer Questionnaire 6(6)

24/04/2021 Asiakaskysely ELIXIA:n laajennuksesta Skanssin Turun alueella / Customer questionnaire on the expansion of ELIXIA to Skanssi in the Turku r...

11. Ikäryhmäni on.. / My age group is..

*Mark only one oval.*

- 16-25  
 26-35  
 36-45  
 45-65  
 yli / over 65

12. Kirjoita alle sähköpostisi osallistuaksesi arvontaan / Write your e-mail below to participate in the raffle

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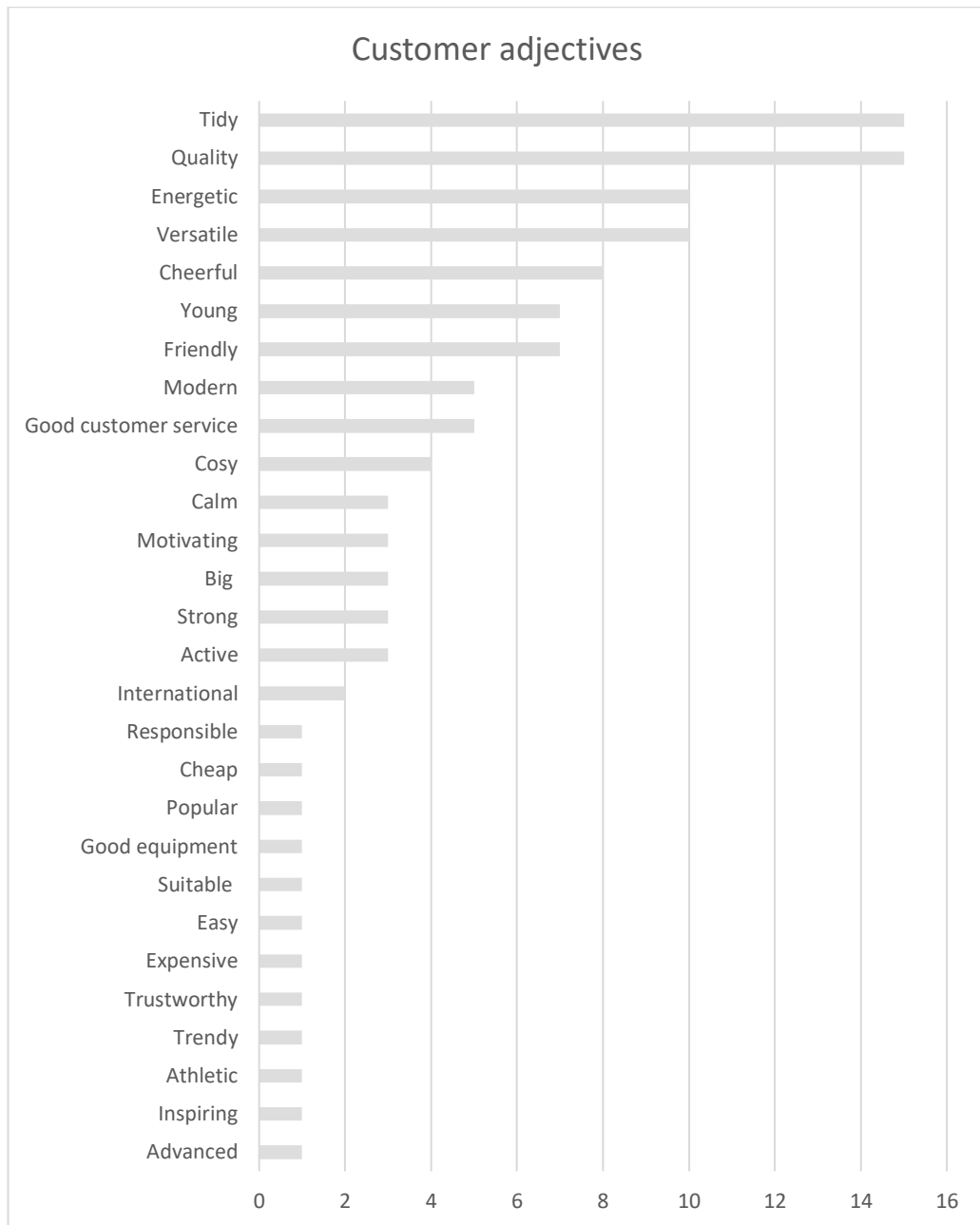
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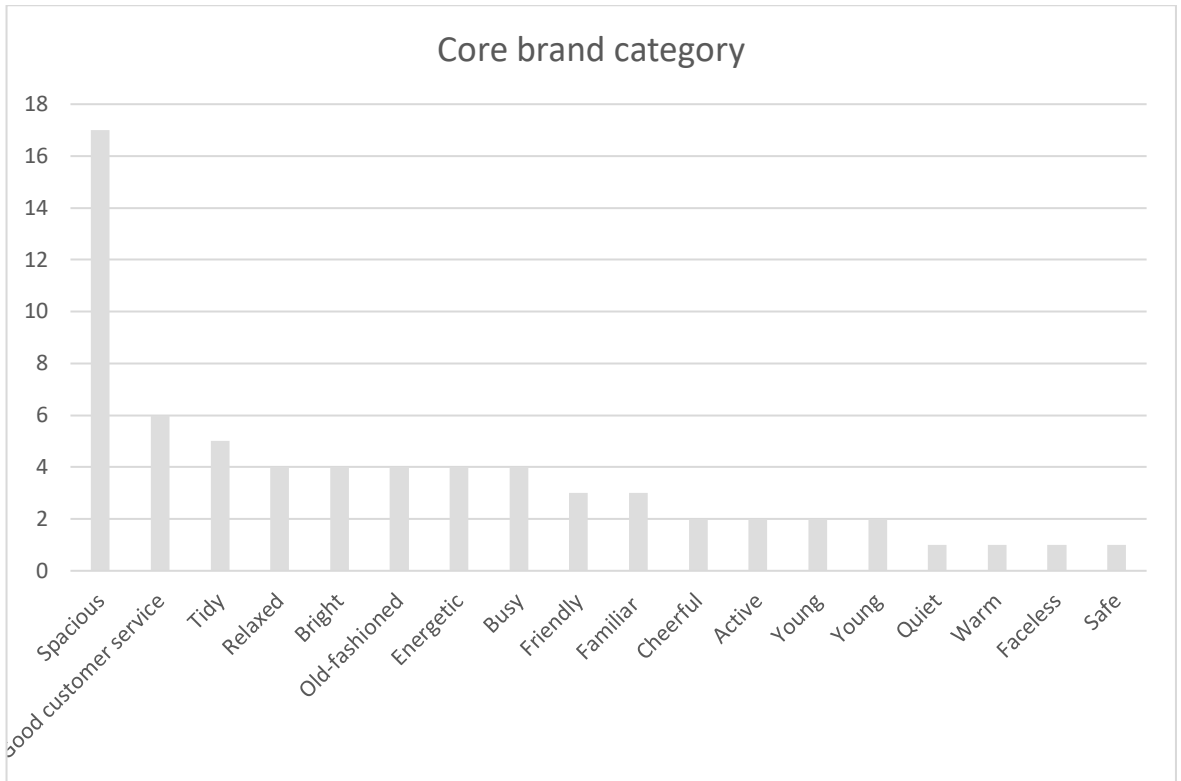
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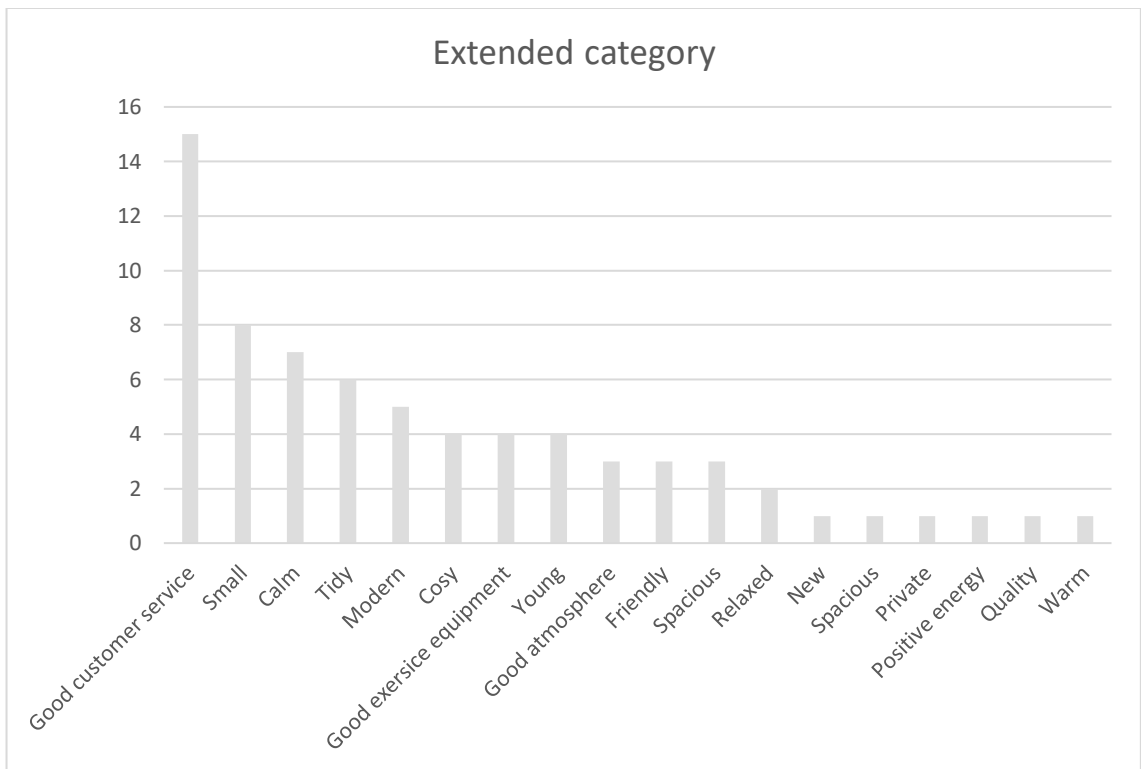
## Appendix 9. Customer adjectives



Appendix 10. Core brand category



Appendix 11. Extended category



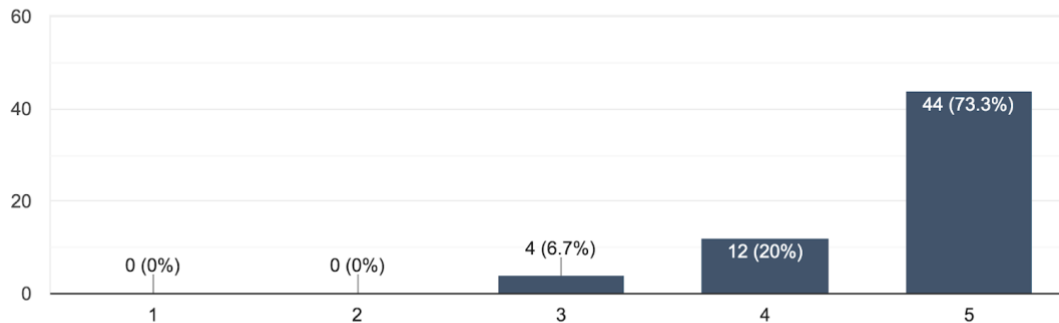
## Appendix 12. Averages of the two categories

	Other ELIXIA club than Skanssi	ELIXIA Skanssi
Nice facilities	<b>4,3</b>	4,1
Quality customer service	4,36	<b>4,72</b>
Motivating	4	<b>4,47</b>
Inspiring	3,9	<b>4,3</b>
Good selection of exercise equipment	3,97	<b>4,1</b>
Wide selection of group training	<b>3,98</b>	3,3
High quality personal training services	<b>3,77</b>	3,72

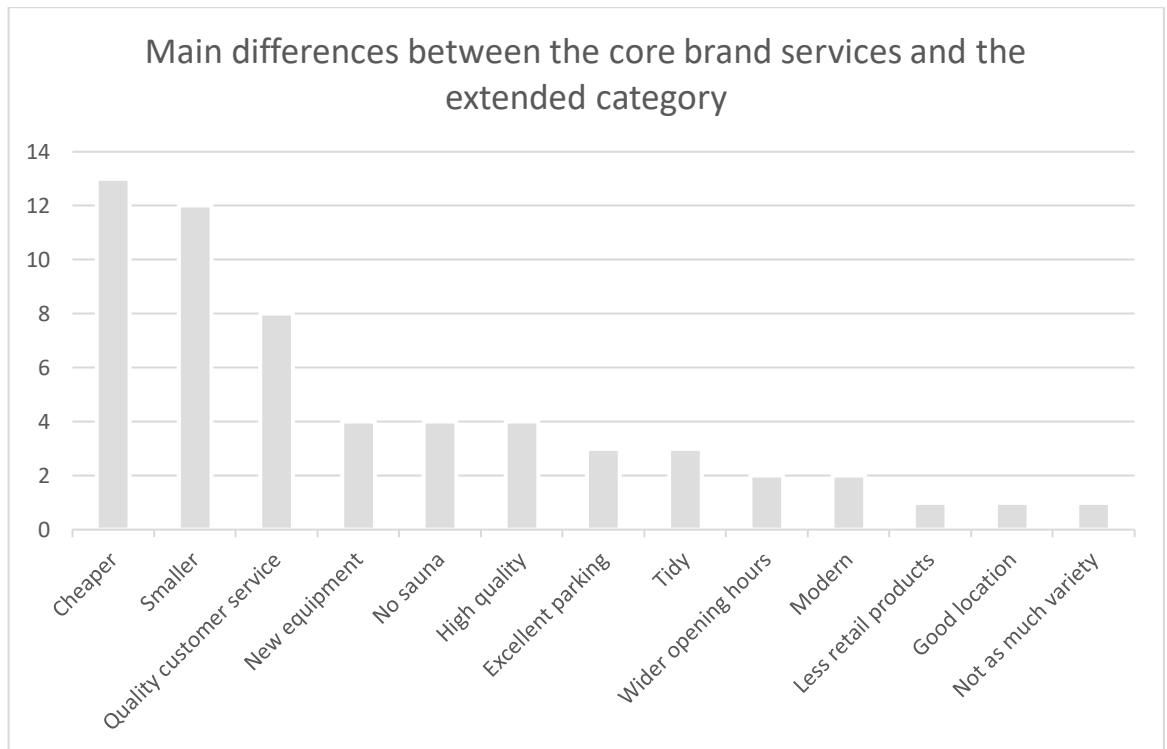
## Appendix 13. Fit to the core brand

Kuinka koet laajennuksen soveltuvan ELIXIA:n brändiin? How well do you think the expansion fits to ELIXIA brand?

60 responses

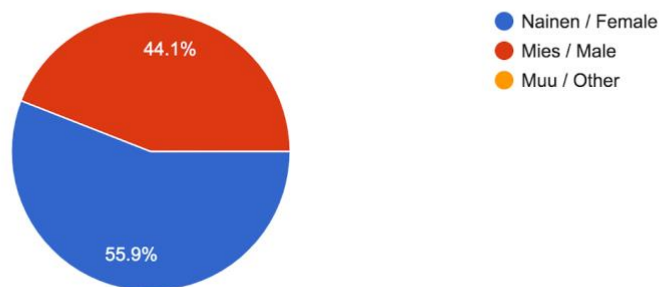


#### Appendix 14. Differences between core brand services and extended category



#### Appendix 15. Demographics

Olen.. / I am..  
59 responses



## Appendix 16. Age group

Ikäryhmäni on.. / My age group is..  
60 responses

