

MIDLANDS STATE UNIVERSITY



THE EFFECTIVENESS OF LINE EXTENSION STRATEGIES ON BRAND SALES  
PERFORMANCE (CASE OF UNILEVER ZIMBABWE HARARE BRANCH)

BY

HAZEL TATENDA FAIFI

R124392V

CODE: MMX23

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APPROVAL FORM

The undersigned certify that they have supervised the student, Hazel Tatenda Faifi dissertation entitled: **The effectiveness of line extension strategies on brand sales performance**, submitted in Partial fulfillment of the requirements of the Bachelor of Commerce Honours Degree in Marketing Management at Midlands State University.

.....  
SUPERVISOR DATE

.....  
CHAIRPERSON DATE

.....  
EXTERNAL EXAMINER DATE

MIDLANDS STATE UNIVERSITY

RELEASE FORM

NAME OF AUTHOR HAZEL TATENDA FAIFI

STUDENT REGISTRATION NO: R124392V

DISSERTATION TITLE: The effectiveness of line extension strategies on brand sales performance case of Unilever Zimbabwe Harare branch.

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.....

Hazel Tatenda Faifi

DATE

(Researcher)

## DEDICATION

This dissertation is dedicated to my parents for their love and support. It is because of your guidance and encouragement that I am where I am today and keep wanting to excel. I would never have dreamt of doing what I've done and I owe you everything and do what I do each day to make you proud. To my three sisters Munashe, Mitchel and Chido. To my friends Kudzayi and Israel. Last but not least I dedicate this dissertation to Michael thanks for your love and support you mean the world to me.

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## **Table of contents**

Approval form	ii
Release form	iii
Declaration	iv
Dedication	v
Acknowledgment	vi
List of Tables	xii
List of Figures	xiii
List of Appendices	xiv
Abstract	xv

## **Chapter 1:**

1.0. Introduction	1
1.1. Background to the study	2
1.2. Statement of the problem	3
1.3. Research objectives	3
1.4. Research questions	3
1.5. Significance of the study	3
1.6. Assumptions	4
1.7. Delimitations	4
1.8. Limitations	5
1.9 Definition of terms	5
1.10 Chapter summary	6

## **Chapter 2:**

### **Literature Review**

2.0 Introduction	7
2.1 Line extensions defined	7
2.1.2 The logic behind line extensions	9
2.2 Brand performance defined	10
2.2.1 Brand	10
2.2.2 Brand performance	11
2.2.3 Measuring brand performance	11
2.3 Effects of line extension strategies on brand performance	12
2.4 Types of line extensions	14



2.4.1 Horizontal line extension	15
2.4.2 Vertical line extensions	15
2.4.3 Horizontal Vs Vertical line extensions and their effect on brand performance	15
2.5 New packaging on brand performance	17
2.6 New flavor or variant on brand performance	20
2.7 New formulation or ingredient on brand performance	23
2.8 Chapter summary	25

### **Chapter 3:**

#### **Research Methodology**

3.0 Introduction	26
3.1. Research Design	26
3.1.1 Explorative research design	26
3.1.2 Descriptive research design	26
3.2. Target Population	27
3.3. Sampling methods and sampling techniques	27
3.3.1 Sampling frame	27
3.3.2 Sample procedure	27
3.3.2.1 Stratified random sampling	28
3.3.3 Sample size	28
3.4. Data sources	28
3.4.1 Secondary data	28
3.4.2 Primary data	29
3.5 Research instruments	29

3.5.1 Questionnaires	29
3.5.2 Interviews	30
3.5.3 Observations	30
3.6 Data collection procedure and administration	30
3.7. Validity and Reliability of findings	30
3.8. Data analysis and presentation tools	31
3.9 Chapter summary	31

#### **Chapter 4:**

#### **Data Presentation, Analysis and Discussion of findings**

4.0 Introduction	32
4.1. Response rate	32
4.2 To establish the impact of introducing a new flavor or variant on brand sales	33
4.3 What influenced consumers to purchase new Lifebuoy lemon fresh	34
4.4 To determine the effectiveness of new formulation on repeat purchases	35
4.5. To measure the effect of new packaging on brand sales	38
4.6 Line extension strategies implemented by Unilever	40
4.7 Lifebuoy and Vaseline Sales after line extension strategies	41
4.8 Resonance demographics	42
4.8.1 Demographic sex for individual customers	42
4.8.2 Demographic age of individual customers	43
4.8.3 Employee's period of work at Unilever	43
4.8.4 Employee's educational qualification	44
4.9 Chapter Summary	44

## **Chapter 5:**

### **Summary, Conclusions and Recommendations**

5.1 Summary	45
5.2. Conclusions	46
5.2.1 Impact of introducing a new flavor or variant on brand sales	46
5.2.2 Effectiveness of new formulation on repeat purchases	46
5.2.3 Effects of new packaging on brand sales	47
5.2.4 Effectiveness of line extension strategies on brand performance	47
5.3 Recommendations	47
5.4 Areas of further research	48

## List of tables

Table 1.1 Lifebuoy and Vaseline Sales	2
Table 1.1.2 Percentage decrease or increase in sales over the years	2
Table 2.5.3 Horizontal Vs Vertical Line Extensions: Effect on Brand Performance	16
Table 3.3.1 Sample Frame	27
Table 3.3.3. Sample size used during the research	28
Table 4. 1: Summary of response rate	32
Table 4.7.1 Lifebuoy sales	41
Table 4.7.2 Vaseline Sales	41
Table 4.2.1 Demographic sex for individual customers	42
Table 4.2.1 Demographic sex for individual customers	43
Table 4.2.3 Employee's period of working at Unilever	43
Table 4.2.4 Employee's educational qualification	44

## List of figures

Fig 2.2.3 5As model	12
Fig 2.5 Types of line extensions	15
Fig 4.3 Employee's response on the impact of introducing a new flavor or variant on brand sales	33
Fig 4.3.1 Benefits associated with introducing new flavors	34
Fig 4.4 Consumer's response to what influenced their purchasing decision	35
Fig 4.4.1 Employees responses	36
Fig 4.4.2. Which of the following benefits did Unilever benefit from improving Lifebuoy's formulations?	37
Fig 4.4.3 Did you ever purchase lifebuoy because it had a new formulation	38
Fig 4.5 Effects of new packaging on brand sales	39
Fig 4.5.1 Consumer's response	40
Fig 4.6 Line extension strategies implemented by Unilever	41
Fig 4.7.1 Lifebuoy and Vaseline Sales before and after line extension strategies	42

## **List of Appendices**

Appendix A Questionnaire for customers	52
Appendix B Questionnaire for employees	55
Appendix C Interview Guide for Management	58

## **ABSTRACT**

The study was to determine the effectiveness of line extension strategies on brand sales performance with reference to Unilever Zimbabwe Harare branch. The research was centered on Unilever's most recent line extensions for its Lifebuoy and Vaseline brands. The objective of the study was to establish the impact of introducing a new flavor or variant on brand sales, to determine the effectiveness of new formulation on repeat purchases and to measure the effect of new packaging on brand sales. The main sources of data used in the research are primary and secondary data. Two research designs were used which are explorative and descriptive research designs. A sample size of 100 respondents was used. The sample frame consisted of management, employees, and customers. Probability sampling was used to select the targeted respondents, there after stratified sampling and simple random sampling were used respectively. Questionnaires were administered to customers and employees, for management interviews were conducted. The results of the research tools indicated that line extensions in the form of new flavor and formulation were most successful in increasing sales and customers. The study also showed that line extensions in the form of new packaging did not positively impact brand sales. The study concluded that line extension strategies in the form of a new flavor or formulation had resulted in an increase in sales and customer base for Unilever Zimbabwe. This further lead to an increase in profitability, market share and brand awareness. Findings from data collection showed that customers liked the new flavor Lifebuoy lemon fresh and the improved formulation for the brand. However some customers indicated that they still viewed Vaseline as a less premium brand as compared to Nivea one of its major competitors. The researcher recommended that Unilever need to fully understand its target market and conduct competitor analysis to fully understand why its target market for Vaseline still prefer purchasing other brand and are not loyal to the company's brand. Unilever also needs to introduce more flavors for its Lifebuoy brand as competitor brands a still offering a wider portfolio as compared to their own product portfolio. Celebrity endorsements and competitor analysis are further areas of study and are very vital in today's hyper competitive environment and helps establish a competitive edge for an organization.

# **CHAPTER ONE**

## **GENERAL INTRODUCTION**

### **1.0 Introduction**

The following is a research on the subject effectiveness of line extension strategies on brand sales performance for Unilever Zimbabwe. The researcher concentrated mainly on Unilever's most recent line extensions for its Lifebuoy and Vaseline brands. This chapter focused on the foundation of the research and covers the background of the problem, statement of the problem, research objectives, research questions, and significance of the study, assumptions, delimitations and limitations encountered in conducting the research.

### **1.1 Background of the problem**

Davis (2010) defines line extensions as taking an existing product and altering its attributes such as new packaging, formulation, new ingredient, new feature and minor feature modification then placing the newly extended product and distributing it to customers. Anandan (2009) postulated that line extensions are one of the most economical and fastest way of introducing a new product. The scholar further described line extensions as the introduction of products in the same product category under the same brand in the form of new flavors, form, colors, added ingredient and new pack size. Among the range of strategies available to a company, line extensions are an important way to keep a brand alive and to realize incremental financial growth. New line extensions increase their parent brand's consumer base and eventually assist in growing parent brand franchise.

Unilever (Pvt) Ltd Company is multinational manufacturer of home care, personal care and food products and produces over 400 brands. Unilever Zimbabwe has been operating since 1943 and has a manufacturing site situated in Harare and a distribution depot located in Bulawayo. The company's vision is to double the size of the business, whilst reducing environment footprint of its brands and increasing positive social impact.

Since 2012 the company has been experiencing a decline in the sales, market share, overall brand performances and the position of the company has been negatively affected. The tables below indicate the brand sales performance for Vaseline and Lifebuoy over the past three years.



**Table 1.1 Lifebuoy and Vaseline Sales**

Period	2012	2013	2014
Lifebuoy sales	\$1 067 426.57	\$1 021 527.23	\$968 407.81
Vaseline sales	\$802 465.02	\$767 156.56	\$718 825.70

*Source Annual Performance Report for Unilever Zimbabwe*

**Table 1.1.2 Percentage decrease or increase in sales over the years.**

Period	2012	2013	2014
Lifebuoy sales performance	+4%	-4.3%	-5.2%
Vaseline lotions sales performance	-2.3%	-4.4%	-6.3%

*Source Annual Performance Report for Unilever Zimbabwe*

Unilever implemented several intense marketing strategies which included in store activations, sales promotion, discounts, community activations and celebrity endorsements to boost the declining sales. However all these efforts did not bring out the much desired results as the company still endured a decrease in sales, market share and intense competition from its major competitors offering a wider variety of variants.

In order to fully understand the reasons for the decrease in brand sales even after implementing several strategies Unilever Zimbabwe marketing team conducted a research. The research revealed that brand sales were shrinking due to an increase in competitors within the category. The research further analyzed the product portfolio for Lifebuoy and Vaseline major competitors Protex and Nivea respectively. Protex had 11 variants whilst Lifebuoy only had four variants. On the other hand, Vaseline lotions had 3 variants whilst Nivea had 7 variants. This was highlighted as one of the major reasons for sales and market share loss to competing brands as they were offering a wider product portfolio. The research concluded that not only is germ and skin protection important to the targeted consumers and their family, but so is variety.

In order to remain competitive and return its market share and sales that had been decreasing over the past years, management decided to extend product line for the two brands. In 2015 the management introduced a new flavor/ variant (Lemon fresh variant under Lifebuoy), new formulation (new lifebuoy formulation) and new packaging (for Vaseline lotions). Therefore this study aims to evaluate the effectiveness of line extension strategies implemented by Unilever.

## **1.2 Statement of the problem**

The constant drop in sales and market share up to 2014 was the problem faced by Unilever. In order to address this predicament Unilever implemented line extension strategies in 2015. The researcher seeks to evaluate the effectiveness of the implemented line extensions strategies on brand sales performance.

## **1.3 Objectives**

- ✓ To establish the impact of introducing a new flavor or variant on brand sales.
- ✓ To determine the effectiveness of new formulation on repeat purchases.
- ✓ To measure the effect of new packaging on brand sales.

## **1.4 Research questions**

- ✓ Do new variants contributed to the increase in brand sales?
- ✓ How have customers responded to line extensions?
- ✓ Do product line extensions with new packaging increase brand sales?
- ✓ Did introducing new formulation influence repeat purchases?
- ✓ To what extent did line extensions increase brand sales?

## **1.5 Significance of the study**

### **1.5.1 Significance to the researcher**

- ✓ The researcher gained experience that is of benefit in future researches especially in the area of line extensions and how it can be used to increase brand sales performance.
- ✓ The research presented an opportunity to the researcher in terms of gathering research knowledge and skills in publishing articles and research papers.
- ✓ The research was partial fulfillment of Bachelor of Commerce Honours Degree in Marketing Management at Midlands State University.

### **1.5.2 Significance to the case study Organisation (Unilever)**

- ✓ The company can use the researched data to find out the effect of line extension on brand performance and use this information for their future line extensions.
- ✓ While there are a majority of studies available on line extensions at the company as the company invests a lot in research, there is little evidence that points out if line extensions have an impact on brand performance. Therefore this research helped to clarify that.
- ✓ The study also unveiled to the organization that not only traditional ways of marketing, personal and direct marketing can enable the ongoing of business but the fact that line extensions also play a vital role in the success of the business.

### **1.5.2 Significance to the University**

- ✓ The findings from this research can be a source of reference that can be used by students from the faculty of commerce working on similar research areas in the future as the research has highlighted new sources and shown the extent to which line extensions are effective in today's FMCG industry.

### **1.6 Assumptions**

- ✓ The respondents gave the researcher true and unbiased information
- ✓ All questionnaires were completed and returned on time.
- ✓ Unilever had recently extended its product lines.
- ✓ The researcher assumed that there would be less language barriers between the researcher and the research respondents.
- ✓ Company information collected during the study was accurate and unbiased.

### **1.7 Delimitations**

- ✓ The researcher used the most recent Unilever Zimbabwe product line extensions.
- ✓ The researcher sourced data from Unilever Zimbabwe journals covering 2012 to 2014 to ensure proper recommendations were generated

- ✓ The major variables for the research were line extension as the independent variable and brand sales performance as the dependent variable.
- ✓ The researcher mainly targeted Harare, Unilever head offices for the research's questionnaire survey and interviews, since that's where the headquarters and regular customers of Unilever Zimbabwe are located.
- ✓ Management, employees and customers of Unilever Zimbabwe were the main respondents.
- ✓ The study brought out the role of line extensions in increasing brand sales performance.

### **1.8 Limitations**

- ✓ The research does not indicate the global perspective as it is only limited to Unilever Zimbabwe.
- ✓ Initial access to critical data was a challenge and to address this limitation the researcher assured the management that the data would be treated with due care and used for academic purposes only.
- ✓ They were limited time to spend with the employees and management as they were having other pressing issues to attend to and to address this limitation the researcher made use of prior appointments.

### **1.9 Definition of terms**

FMCG: stands for "Fast Moving Consumer Good" these are products of daily consumption which are sold quickly and at relatively [low cost](#). Examples include non-durable goods such as [soft drinks](#), [toiletries](#), [processed foods](#) and many other [consumables](#).

SKU: 'Stock Keeping Unit' an identification, usually alphanumeric of a particular product that allows it to be tracked for inventory purposes. For example the sku for Lifebuoy tablet is 200g.

Variant: a version of something that differs in some respect from other forms of the same thing or from a standard thing for example lifebuoy variants include lemon fresh and deo fresh.

Personal care category – a category with products used in personal hygiene and beautification. Examples include shampoo, soap, body lotions and cream.

## **1.10 Chapter summary**

This chapter outlined the foundation aspects of the research. The aspects covered include background of the study, statement of the problem, objectives of the study, research questions, significance of the study, delimitations, limitations that were encountered in conducting the research. The following chapter focuses on the literature relating to line extension strategies that can be implemented by an organization in a bid to heighten brand sales performance.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

The following chapter focused on reviewing and evaluating available literature contained in published books, articles, journals, internet and other literature sources on the effectiveness of line extension strategies on brand sales performance. Most of the studies on line extension literature looked at individual line extensions, these very often being hypothetical products, and the determinants of success of these individual extensions. Few studies examine market or brand sales outcomes of line extensions and this research evaluated these factors. Definition of line extensions, logic behind line extensions, brand performance, how to measure brand performance, types of line extensions among others are discussed in this chapter.

#### **2.1 Line extensions defined**

Davis (2010) postulates that line extensions involves taking an existing product and modifying its attributes such as new packaging, formulation, new ingredient, new feature and minor feature modification then placing the newly extended product and distributing it to customers. The scholar further on highlighted that the market leaders in the FMCG industry (Procter and Gamble, Unilever and Nestle) have introduced one or more product line extensions as a form of brand growth strategy.

Davis (2010) gave an example of Unilever Sunlight hand dishwashing liquid, the scholar highlighted that Unilever's Sunlight hand dishwashing liquid had over the years introduced several new variants in its product line which include Sunlight standard lemon, Sunlight standard green tea and lime, Sunlight standard lime, Sunlight active gel lemon, Sunlight active gel lime, Sunlight active gel orange and sunlight pouch. Davis (2010) explained that Unilever has not only been extending its product lines to increase sales, but have also been attempting to target certain customer segments with specific formulation and new ingredient needs.

Anandan (2009) cited Kotler as he postulated that line extensions are one of the most economical and fastest way of introducing a new product. He further described line extensions as the introduction of products in the same product category under the same brand in the form of new flavors, form, colors, added ingredient and new pack size. According to the scholar line extensions are usually used as a defensive strategy since it is the cheapest way to introduce a new product. Kotler's definition dwells on introducing new flavor, form, colors, added ingredient and new pack size but does not include new packaging and minor feature modification as defined by Davis (2010)

Chandarasekar (2010) describes line extensions as a company's way of dealing with the needs of customers and these extensions are often guided by market research. According to the scholar when a company rolls out a new product that carries slight differences from its existing product lines, it is part of a product line extension. The scholar definition of line extensions outlines the main success factor of line extension as the use of market research to establish what the initial product was lacking. After conducting a market research management can now address consumers' needs through the introduction of slight differences from the initial product offering. Therefore businesses with a successful product line can introduce product line extension to target new geographical areas, target different audiences or meet particular price points.

Pride (2008) defines line extensions as a development of a product that is closely related to one or more products in the same product line but custom made to cater for different customer needs. The definition highlights that when a company decides to introduce a product line extension the extension should be costume made so as to address customer's need that the initial brand was not satisfying. Unlike definitions from other authors the definition failed to clearly indicate attributes that make up the line extension but just generalized the definition by just summing up that line extensions should involve developing a product that is closely linked to the existing product offerings.

Fuller (2011) states that line extension are a substitute product of an established brand and represent a balanced extension of an existing product. The scholar's definition points out line extensions to be an alternative product of an existing brand not limited to any particular attribute. Boisvert (2016) line extensions are a popular marketing strategy that is developed when new features like flavor and varieties are added to the parent brand under the same name. Boisvert's

definition of line extensions also aligns with other scholars that a line extension is a popular marketing strategy implemented by many companies to the parent brand name.

In essence, the scholar's view of line extensions differs in regards to how they define line extensions and the range of activities under the line extensions banner. Kotler and Davis definitions give a clear view of the attributes or components that make up line extensions. Chandarasekar views line extensions differently as he highlights that line extensions are a company's way of dealing with the needs of customers and these extensions are often guided market research and does not outline any particular attribute. Pride's definition of line extension also fails to clearly indicate attributes but just generalized his definition by just summing up that line extensions should involve developing a product that is closely linked to the existing product offerings. Fuller is of the view that line extensions are a substitute product of an established brand and represent a balanced extension of an existing product. Boisvert's definition of line extensions also aligns with other scholars that a line extension is a popular marketing strategy implemented but many companies to the parent brand name.

The fundamental aspect that many scholars agreed on with regards to line extensions is that line extensions involves adding some kind of new feature regardless of what it is to an existing brand. The addition of new features on existing brands attempts to target new geographical locations, increase the overall brand sales performance, build awareness, set new price points, fight competition, increase market share and offer a wider portfolio for consumers to choose from. The scholars also agree that line extensions ensure that a company enjoys all the above benefits at a lower cost than that of actually launching a completely new product.

### **2.1.1 The logic behind line extensions**

Line extensions are perceived as low risk, low cost way of satisfying different customer segments. Line extensions satisfy customer's desires by providing a wide variety of goods under a single brand. When introducing line extensions many companies objective is to instill brand sales growth in order to increase profits. According to Pape et al(2014) Brand and line extensions represent a vital vehicle for increasing growth and are presently one of the most realistic marketing strategies. Gordon (2004) stated that there are many reasons for introducing line



extensions to a product mix. According to the author line extensions could be the answer to increasing sales and expanding the brand into a whole new direction. The author gave an example of Gillette line of blades whose line was extended to include Lady Gillette, March 3, sensor among others.

Although the goal of line extensions is often to target new geographical locations, increase the overall brand performance, build awareness, set new price points, fight competition, increase market share and offer a wider portfolio for consumers to choose from other authors argued against line extensions. Anandan (2009) argued that many line extensions do not succeed because the brand name ends up losing its meaning. He explained that this occurs when there is no noticeable difference between the line extension variants which usually results in over segmentation and confusion. Clancy et al (2006) postulated that when a big single brand becomes a portfolio consisting of smaller pieces the company management becomes much more complex. Line extensions cannot be viewed as a long term marketing strategy as often the new features that are introduced can easily be copied by competitor brands and be sold at an even much cheaper price.

## **2.2 Brand performance defined**

### **2.2.1 Brand**

Batey (2012) argues that a brand is a physical product amplified by something different in the form of images, symbols, perception or feelings to produce an overall idea better than the sum of all its services. The scholar's definition dwells much on the physical aspect of a product that needs to be augmented by something different in order to fully excel. Kushwaha (2012) cited Kotler and Armstrong(2002) as they postulated that a brand name is defined as, a name, term, sign, symbol, or design, or a combination of these, that identifies the company's product or service.

Consumers often characterize brands with personal traits; therefore marketers have to create or reinforce these perceptions through their brand positioning. Brand personality traits outline symbolic importance or emotional value which contributes to consumers' brand choices and are usually more enduring than functional attributes. In today's unsettled economic surroundings life cycle of variants across brands has become very short due to the increase in competition, constant launch of new products and availability of a wider portfolio to choose from across

competing brands, therefore organizations are now prioritizing building strong brands in consumers' minds to retain customer confidence and increase repeat purchases.

### **2.2.2 Brand performance**

Moghadam, et al (2012) states that brand performance can be viewed as a factor that relates to the assessment of brand success in the market and helps brands to achieve their set goals. The author's definition is centered on the view that brand performance measures the success of the brand and is also used to monitor the success of the brand on the market. According to Rajagopal, (2008) brand metric is an effective way for measuring the qualitative parameters of brand performance for a particular market and time. It allows the firms to measure the effective brand building activities in reference to brand investment (financial inputs) and brand impact (growth outputs) in the business. Rajagopal's definition instills the use of a brand metric to effectively measure the overall brand performance. The scholar also highlights that financial inputs and growth inputs should be measured in order to effectively analyze brand building activities.

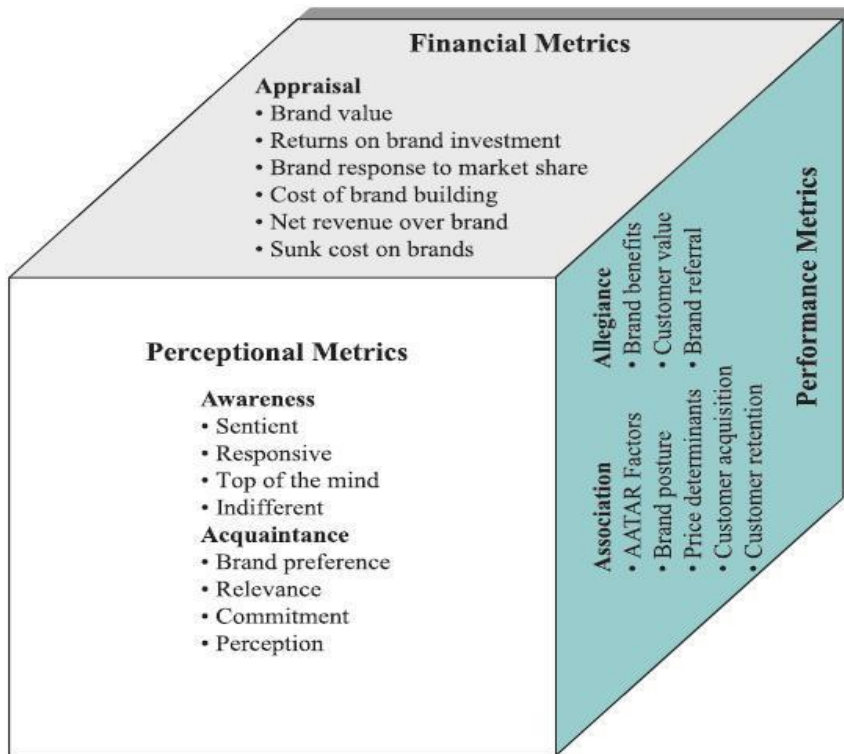
Brand management is not just a marketing issue as it also directly affects a company's profitability. Efficient brand portfolio management starts by establishing a factual base on the equity for each brand and the brand's financial contribution through measuring brand performance. Successfully positioning a brand's personality within a product category requires measurement models that are able to untangle a brand's unique personality traits from those traits that are common to all brands in the product category and establish the brand's value through measuring the brands overall performance.

### **2.2.3 Measuring brand performance**

Effective brand measurement system helps businesses to know how the brand is performing in relation to customer values and against competitor brands. According to Rajagopal (2008) many firms engage variety of integrated marketing activities to monitor brand performance indicators by using the 5As which are brand awareness, acquaintance, association, allegiance and appraisal spread over perceptual, performance and financial factors. The scholar dwells on the view that when measuring brand performance a company should use the 5As model to in order to fully

understand all the aspects of brand performance. The 5As model is indicated in the diagram below

**Fig 2.2.3 5As model**



**Fig 2.1**

*Source Rajagopal(2008), "Measuring Brand Performance through Metrics Application"*

## **2.4 Effects of line extensions strategies on Brand sales Performance**

Blomquist et al (2004) cited Reddy et al as they explained profitability as a success factor of line extensions. Line extensions often have a direct impact on brand profitability because they contribute in increasing sales. When a company introduces a product line extensions it targets a wider range of customer thereby extending its market and also targeting more consumers which eventually results in more sales to the company. The authors further cited Nijssen(1999) as he argued that successful line extensions don't automatically need to generate extra profits. When a

line extension is introduced it might take time for consumers to be aware of the new product offering or to want to switch from the product they are used to the new extension. As such the company might not enjoy short term profits but should seek to capitalize on long term profits that will be realized when customers are more familiar with the extension.

Nijssen further established that line extensions featuring new packaging and sizes were most successful as they cater for customer needs. When a company launches a line extension in the form of new packaging and size the extension usually succeeds because the target customers are already aware of the brand. Furthermore new packaging usually attracts new customers if it is designed in a more attractive manner. Line extensions in the form of new size also target new consumers especially if the product is extended into smaller packages. Offering a smaller version of the same product means the price of the smaller package will be less. A company might realize that it wants to target consumers who are price sensitive and in order for them to penetrate this new market will introduce smaller packs at a lower price. Therefore line extensions in the form of new packaging and sizes boost the overall brand performance as they not only improve profitability through increasing sales but also increase brand awareness.

According to Giddens (2010) majority of new products introduced each year are brand line extensions. New flavors, package, sizes, nutritional content or products containing special additives are added by companies to extend a product line. The author further explained that line extensions expand brand shelf space. When a product introduces a new variant or flavor it automatically increases its shelf space and therefore increasing awareness, acquaintance, appraisal, allegiance and association of the brand among the targeted market. An increase in shelf space also has a positive impact on the overall brand sales of the extended product as an increase in variants also increases profits. More products expand the company's shelf space presence there by enhancing brand recognition.

Giddens (2010) further highlighted that brand line extensions reduce risk associated with new product development. Companies should seek to capitalize on the success of the parent brand consumers usually have instant recognition of the product name and are more likely to try out new line extension. As a result, promotional costs are much lower for a line extension than for a completely new product and this helps in reducing costs associated with launching completely new products and increases the profitability of the brand at a reduced cost.

However some authors highlight the negative effects of line extensions for instance, according to Jaulent et al (2012) extensions can damage the brand, the occurrence of undesirable associations and weakening of the existing associations can result in the dilution of a brand's capital. An incident occurring with a product line extension can lead to the tarnishing of the image of the entire brand. Extension can cloud the image that had been established by the brand and also reduce the brand's credibility within its original setting. Companies have to be careful of confusing the customer's when making extensions.

Launching related products also leads to self-cannibalization. Cannibalization can be defined according to Srinivasan et al (2005) as a process when a new product in an extension is launched in an all too close function or with similar attributes and it therefore competes with an existing product in the same segment and range. Aaker (2004) highlighted that extensions can cannibalize the existing products of the brand when there are positioned in a close market. It means that sales of an extension increase whilst those of the existing brand's products follow the opposite curve. According to these scholars some line extensions do not increase sales but simply switch the sales of the initial brand to those of the extension.

Aaker (2004) explains that a disaster which cannot be controlled by the firm can occur as a result of a line extension e.g. Firestone tires used for the Ford Explorers were potentially unsafe and this initially damaged the brands reputation and affected sales. As a product continuously introduces product line extensions they is a greater chance of the brand line extension turning into a complete disaster. When a disaster to a particular brand occurs as a result of line extension this automatically has a negative impact on the brand sales and the overall perception that the consumers have on the parent brand.

Many authors have explained the effects of line extension on brand sales performance in a hypothetical manner, or using some practical examples. However no particular research clearly outlines the effectiveness of brand line extension strategies on brand sales performance in relation to FMCG industries in Zimbabwe and this research seeks to establish the effects.

## **2.5 Types of line extensions**

They are two types of line extensions horizontal line extensions and vertical line extensions.

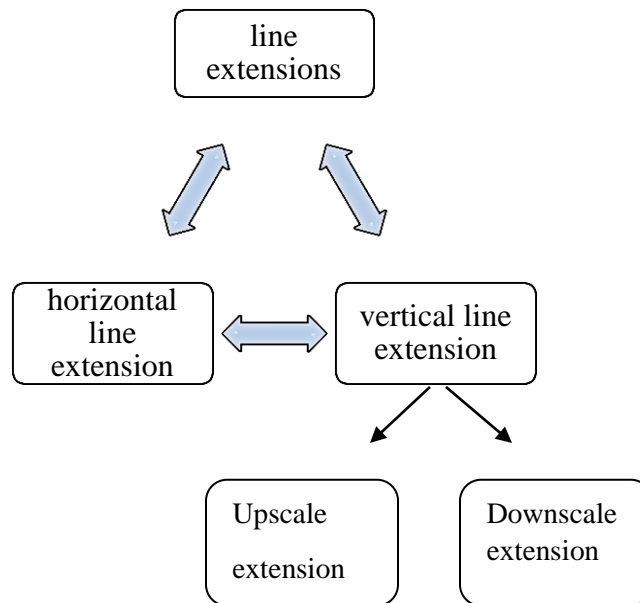
### 2.5.1 Horizontal line extension

Allman (2013) cited Draganska and Jain as they defined horizontal extensions as an extension not determined by price or quality but rather in terms of some other attributes such as flavors, colors, package sizes.

### 2.5.2 Vertical line extension

A vertical line extension occurs when a product extension is determined by the change in price and quality. Xie (2008) states that vertical extension can therefore offer downscale or upscale versions of branded products. Upscale extension is when a firm creates a new product line with higher price and quality, downscale extension is when a firm creates a product with lower price and quality than the product line that already exists.

Types of line extensions are explained dramatically as shown below



**Fig 2.5**

*Source Oxford University Press (2012)*

### 2.5.3 Horizontal versus Vertical Line Extensions and their Effect on Brand Sales

#### Performance

According to Allman (2013) findings from line extension literature outlined that brands perform better when expanding the product line horizontally. A line extension is likely to be more successful when a product is extended offering different features such as flavor, color and packaging. When a product line is extended horizontally it is usually successful because consumers will be aware of the brand and the price usually does not change.

Horizontal line extensions proved to result in better performance of a brand in its category as measured by perceived category expertise, perceived core competency in the category, perceived quality and purchase likelihood. According to Allman (2013) a recent study of the chocolate category showed that more flavors of chocolate offered by a brand improved perceived brand expertise and choice, and even perceived taste in chocolate products. But horizontal line extensions were also shown to result in negative effects on brand performance, such as decrease in price.

The author further stated that some findings argue that vertical extensions are more harmful to brands performance as compared to horizontal extensions. Other line extension studies proved expanding horizontal product line length reduces sales and that consumers prefer vertical attributes better than horizontal attributes. Some studies outlined that horizontal extensions involving new flavors and new packaging are more successful than vertical line extensions.

**Table 2.5.3 Horizontal versus Vertical Line Extensions: Effect on Brand Sales Performance**

<b>Length of product line</b>	
More expansive product lines are associated with more profit	
<p style="text-align: center;"><b>Horizontal line extensions</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Horizontal line length has a positive effect on market share and the returns are diminishing with each additional unit increase in length</li> <li><input type="checkbox"/> Horizontal extensions involving new flavors and new packaging are more successful than vertical line extensions involving improvement in product quality.</li> <li><input type="checkbox"/> Horizontal line extensions (same quality/price points) result in better performance of a brand in its category</li> </ul>	<p style="text-align: center;"><b>Vertical line extensions</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Vertical line length has a positive effect on market share and the returns are constant to scale</li> <li><input type="checkbox"/> Consumers prefer vertical attributes better than horizontal attributes</li> <li><input type="checkbox"/> Brand’s quality levels are sometimes correlated with brand equity but the number of product versions within a product line is negatively related with brand equity</li> <li><input type="checkbox"/> Higher quality extensions improve brand evaluation too much greater extent than lower quality extensions damage it.</li> </ul>

*Source Helena F. Allman(2013) Vertical Versus Horizontal Line Extension Strategies: When Do Brands Prosper?*

## **2.6 New packaging design on brand sales performance**

Packaging helps consumers choose or differentiate a product from a wide range of similar products Armstrong et al (2007). Packaging attracts consumer's attention to particular brands, enhances its image, and influences consumer's perceptions about the product Rundh (2005). According to Rundha package attracts consumer's attention to particular brands, enhances brand image and influences the perception of the consumers about the brand. The authors agree that new packaging has a positive impact on the overall brand sales performance as it helps increase a brand's profitability through targeting new customers. When a product introduces new packaging it is likely to attract new customer thereby improving the brand awareness for the brand and the perception that will be instilled into consumer minds if the new design is attractive.

Oghojafor et al (2012) cited Kotler and Keller as they defined packaging as an element of the marketing mix whose role in marketing primarily depend on serving the interests of the marketing process through the media of the manufacturer, intermediaries and the consumer. The authors further highlighted that the importance of packaging depends on the provision of psychological differentiation of products which depends on the proper use of the elements of packaging. The scholars gave an example of Jeyes a company which is in competition with Unilever and Reckitt saying it not only produces but also markets a wide range of cleaning and disinfecting fluids, and kitchen and bathroom products and has successfully differentiated its range of products from competitors through color coding and common design themes. According to the scholars this helps in increasing brand referrals, relevance and customer retention thereby positively impacting on the overall brand sales.

Kumar (2006) defines packaging as the enclosing of the physical object that will be offered for sale. He further stated that packaging is regarded as a way to embrace all phases and activities in



the transfer of products from the manufacturer to the targeted consumer. Packaging is an important part of a line extension as it plays a role in communicating not only the image but also the identity of the brand to the consumers. Kumar (2006) further cited Kotler as he defined packaging as all the activities involved in designing and producing a container for a product. According to the author packaging can also be defined as the wrapping material around a consumer product that serves to communicate identity, protect the brand, display and promote the product for it to be marketable.

Hammond (2013) conducted a study on the impact of cigarette pack shape, size and opening evidence from tobacco company documents. The research constantly found out that packs that diverged from the original flip top box gave consumers an impression of modern, elegant and unique brand image. Different pack shape and openings were mostly preferred by customers and were associated with superior quality and smooth taste. The consumer studies frequently indicated that pack shape, size and opening styles had an influence on the perceptions of reduced cigarette harm, and were often used to market a lighter product. Thin, curved, oval and booklet proved to be more appealing to young adults. Furthermore the study revealed that pack improvements of shapes or size increased market share of brands. The study clearly showed that if packaging is designed correctly it has a positive impact on brand performance and its overall sales.

According to Dhurup et al (2014) packaging, price and brand awareness have significant positive relationships with brand loyalty, which implies their significant predictive influence on brand loyalty. The authors suggested that management should initiate and implement effective packaging, pricing and brand awareness in order to enhance consumers' brand loyalty to the company's products. Consumers respond to packaging based on a set of preconceptions, learned reactions and individual preferences that help to project certain products dominance in today's dynamic markets (Aaker 2010). Certain shapes, colors, sizes and textures naturally influence consumers to respond positively, whilst others evoke negative reactions (Aaker 2011).

Dhurup et al (2014) cited Kent & Omar as they defined packaging as being viewed as a family of activities that are concerned with the design, production and filling of a container or wrapper of the product item in such a way that the product can be effectively protected, stored, transported and identified, as well as successfully marketed. The authors further cited various authors as they

also gave their definition of packaging. According to Gonzalez and Twede (2007) packaging has the ability to reflect product attribute to not only unaware but also disinterested customers and attract them to the brand. Packaging decisions can also affect how consumers associate themselves with a firm's products. Packaging should be designed in a way that particular products can be moved without causing any damages to the quality of the product Silayoi and Speece (2007). Packaging should also be designed to promote product sales Deliya and Parmar(2012).

Packaging has also been proven to be one of the important factors that influence purchase decisions that are made at the point of sale where it becomes an essential part of the selling process Silayoi and Speece(2004). In today's competitive retail environments, consumers are exposed to excess messages on packaging and merchandising. When consumers are spoiled for choice in terms of the available product range, they rely on product externalities, such as packaging, as signals of perceived quality (Rundh 2005). This presents marketing with a challenge to depend heavily on the visual communication of packaging to inform and persuade consumers, both at the point of purchase and at the point of consumption (McNeal and Ji 2003).

Many scholars agree that packaging has an effect on brand sales as it can influence purchasing decisions. In today's competitive market the role of packaging has changed due to increased self-service and changing consumer lifestyle. Firms are now investing in packaging as a tool of sales promotion and can also be used as an advertising tool. Packaging has become an ultimate selling proposition as it stimulates impulsive buying and reduces promotional costs. Thus packaging performs an important role as a marketing communication tool and should be treated as one of the important factors influencing consumers purchasing decisions. Therefore companies introduce various line extensions with new packaging so as to improve brand performance as new packaging helps attract new customers to brand. A line extension with new packaging on the shelf becomes more attractive if the package design is colorful and the shape should also be designed in a way that blends well with the image and identity of the brand.

A line extension in the form of new packaging should not confuse consumers but in actual fact attract more customers to the extended product. In order for the new packaging to influence the overall brand performance it is a key fundamental aspect for packaging of the product to be more convenient to use, store, promote and identify. Management should be able to differentiate

marketing strategies by satisfying customer ever changing needs and wants through introducing eye catching packaging so as to attract more customers to want to try the new line extension. This therefore positively influences the overall brand performance as they will not only be an increase in sales but also brand awareness, association, appraisal and acquaintance.

New packaging should be designed in a way that can easily differentiate it from competitor brands on the same shelf space. Management should ensure that the new packaging for the line extension will be used as a nonverbal form of marketing the product on shelf. This is mainly because most customers are attracted to a product by its visible attributes. Packaging is also effective in marketing products since most consumers are greatly affected by appearances and design of the product, in addition to other aspects such as touch, taste, texture and smell. However if not design well new packaging can actually result in a decrease in sales and losing customers to competitor brands. Many scholars have indicated the benefits of new packaging on the overall brand sales but this study seeks to evaluate if these benefits can also be enjoyed by local FMCGs in Zimbabwe if the redesign their packaging.

## **2.7 New flavor or variant on brand sales performance**

In today's competitive environment many companies seek to satisfy customer's needs and wants to gain a competitive advantage. According to Desai et al (2001) the explosion of product variety to customers in both industrial and consumer products continues. Introducing new product variants ensures that the company targets new markets and therefore eventually impacting on the overall brand performance. A new variant also ensures that a company targets new customers due to their new product offering that was once not available. Many people do not purchase a product simply because the flavor they want is not available but once the company offers that particular variant consumers eventually switch from the competitor brand to a company's brand.

Borle et al (2005) supports the notion that customers like variety, when dealing with some products reducing product assortment has often lead to a reduction in sales. The scholars are of the view that consumers prefer products with a wider range to choose from. The authors are of the view that offering few products as compared to competing brand can actually negatively affect the brand and eventually result in a decrease in brand sales. Nowlis et al (2005), the authors believed that high quality brands offering more variants are believed to actually taste and

performs better by consumers. The scholars claim that when consumers view brands with more variants in such a manner, this implies that brands offering more variants positively impact on long term profitability by not only generating an increased number of trial rates, but also ensures a likelihood of repeat purchases.

The variety offered by brands is used as a quality signal and influences consumer purchasing decisions. Brands that have a wider portfolio that are compatible with customer needs tend to be viewed as having a greater advantage as compared to competitor brands with few variants. This also enhances their quality and likelihood of being purchased. According to Simonson et al (2007) unlike brand that offer few products, brands with a wider portfolio are associated with high quality brands. The scholar's findings also suggest that in addition to directly affecting brand choice through influencing consumer decisions, more variants have an effect on brand choice through instilling brand quality in consumer minds. Therefore in order to remain competitive, it has become a necessity for firms to frequently introduce new products features.

When a company practices product assortment it is providing consumers with a variety of options to choose from. The brand automatically becomes a superior brand and caters for a wider range of tastes as compared to a brand with fewer variants thereby impacting positively on the overall brand and increasing profitability. Simonson et al (2007) gave an example of a consumer shopping for ice cream. They are many flavors ranging from Vanilla to RumRaisin and brands from HaagenDazs to Breyers. HaagenDazs offers more flavors than Breyers. If the customer is not loyal to any particular brand and they decide they want to buy ice cream, research indicated that other things being equal e.g shelf space and costs the consumer is most likely going to purchase HaagenDazs ice cream.

Simonson et al (2007) conducted a research on to find out if product variety influenced brand choice and perceived quality of the brand. The scholars used two chocolate brands that offered different number of variants and participants had to choose a chocolate from one of the two brands. The popular chocolates were available for both brands. A stand was put in front of a bookstore with free testing samples. Participants were offered the two chocolate brands side-by-

side and required to pick and taste a chocolate from the stand. A brief description of each brand was given.

The chocolates were in five roles. One brand had thirty chocolates whilst the other had ten chocolates. The brands both had 10 most popular variants but the brand with 30 chocolates had an extra 20 variants that the other brand did not have. The participants were asked to taste the chocolate they are most likely to purchase. The results of the test showed that many participants said they would purchase the chocolate with more variants. The scholars results showed that even when faced with variants offered by both brands consumers are more likely to purchase a brand which is available in more variants.

According to Poore (2014) product assortment is the new growth metric for many retailers. The scholar further highlighted that retailers such as Sears, Walmart and Target have continuously increased their SKUs for their websites in 2014 as a way to catch up with Amazon's enormous listings and create a wider product portfolio for consumers to choose from as they prepare for their holiday shopping; on Amazon retailers also grew their product offerings by 86%. Data gathered indicated that product assortment has proved to be a key driver for increasing revenue. In other words if retailers want to grow their brands they need to offer more products on their company website so as to cater for consumers exact needs. The scholar further indicated that retailers had to craft a clear plan for how they are going to extend their brands so as to avoid confusing the consumers with irrelevant line extensions.

Draganska(2003) conducted a study on the impact of quality and variety on product assortment decisions. The scholar evaluated the effects of variety and quality of product lines as a strategic tool, and specifically the direct link between quality and product variety. The study was conducted on the ice cream category to see the product varieties being offered by stores and their effect on price competition and sales. The study was conducted for 5 stores offering 35 different flavours from 6 premium brands. The author discovered that retailer's shelves were arranged through putting ice cream from premium brands on different shelves. Retailers used this criteria to help increase their profits because competing brand will be separated and as such consumers do not face difficulties when choosing a brand to purchase.

The authors cited above all agreed that introducing a new flavour or practising product assortment had a positive impact on a brand's sales. Furthermore the scholars agreed that when a company offers more variants their brand is most likely going to be the first preference of most consumers in store. This therefore grants a high probability of constant or repeat purchases from the target market unlike for brands with fewer variants. Many scholars also indicated that when a brand offers more variants it is usually associated with high quality premium brands as compared to a brand offering few variants and as such consumers often purchase these brands. This research seeks to evaluate if the authors perception of the effects of adding a new variant on influencing repeat purchase is applicable for FMCGs who wish to implement such marketing strategies.

## **2.8 New formulations on brand sales performance**

Innovation is the process of making changes in something established, especially by introducing new methods. Herzog 2011 defines innovation as the commercial exploitation of a new idea or invention. Minor innovation builds in on firms existing competencies and is characterized by minor technological changes. It addresses the needs of existing customers. An innovation is never a onetime phenomenal but a long cumulative process of a great number of organizational decision making process, ranging from the first phase of idea generation to the implementation phase.

Innovative companies generally employ a large number of creative and competent individuals who can not only introduce a new product, but also see it through to completion. Innovation companies often employ large numbers of people who oversee all stages of product development and ensure the product's success. According to Latif (2008) an innovation is only successful if the product or service is able to attract new customers who can adopt it, live by it, talk about it and refer others to it ultimately it must result new business and target market for the company.

According to Murteira et al (2012) introducing new formulation for an already know product is an appealing strategy for many companies. The scholars conducted a research on drug reformulations and repositioning in pharmaceutical industry and their impact on market access. According to the scholars reformulation involves developing a different formulation for an existing pharmaceutical drug. Adding a new attribute or formulation to an existing drug was

proven to result in the full utilization of a product and increase the target market. This means that when a company decides to improve its product formulation it is most likely going to target more consumers and this will also have a positive impact on the overall brand sales.

According to Garcia (2014) when a company wants to extend its product into a different market or country, it might be need to alter some of its attributes or formulations in order for it to fit into the new market or country. Many companies are often faced with legal, economic or cultural barriers that hinder them for fully establishing their brands in foreign markets. For instance in December 2009 China restricted all new cosmetic ingredients stating that if any company needs to operate in China their cosmetic ingredients need to be first approved by the government. This shows that sometimes it is important for companies to introduce new formulation as a sales growth strategy especially if the current product formulation is no satisfying customer needs.

Cazurra et al (2015) highlighted that improvement of current products via incremental innovations is the main reason for firm's profitability. According to the scholars improving an already established product is different from introducing a completely new production two main ways. The first way highlighted by the scholars is the importance of top management involvement during the process. The scholars explained that the product is already established and directly impacts the firm's current performance and competitive advantage. Therefore this motivates top managers to get involved in the process of improving the product since their allowances re tied to the firm's performance. Secondly modifications and improvements to current products alter different functional routines and these routines are likely to be resisted by employees therefore the need for management's involvement.

Johnson, (2001) product improvement should lead to the improvement of a firm's competitive position. The scholar dwelled on the notion that when a company decides to improve the formulation of an existing product the firm should be able to gain some kind of competitive advantage from its competitors. According to Doolen et al (2014)in today's competitive market it is important for manufacturers to continuously improve their products.The authors cited (Choi, 1995) as he explained that continuous improvement activities, have emerged as a key to both quality improvements and production. (Granerud and Rocha, 2011) continuous improvement can be defined as a planned, systematic and organized ongoing process of incremental changes to existing practices aimed at increasing company profitability .

Various scholars agree that improving a product's formulation influences consumer purchasing habits. In some countries you cannot produce or sell products with certain formulations or ingredients therefore the need to continuously improve a products formulation in order to cater for different markets. Consumers usually purchase a product with a new formulation especially if the new formulation addresses the weakness of the prior formulation. Many scholars looked on the effects of new formulation on brand performance and increasing number of consumer purchases. However they is on literature on the effects of new formulation on brand sales performance in relation to FMCGs in Zimbabwe and the objective of this research is to evaluate the effects of new product formulation in relation to FMCGs in Zimbabwe.

## **2.10 Chapter Summary**

The researcher explained literature in relation to line extension from different scholars, marketing experts writings were used to analyze data in relation to the research topic. Different author's perspectives assisted the researcher with diverse views on defining line extensions, understanding the logic behind line extensions and how various line extension strategies affect brand sales performance. The researcher identified and analyzed knowledge gaps amongst the several author's perspective. The next chapter looks at research methodology.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

The following chapter describes the research design, target population, sampling frame, sample size, data sources, research instruments, data collection procedure and administration, validity and reliability of findings, data analysis and presentation tools. The chapter outlines how the research under study was conducted. Both quantitative and qualitative approaches were used to gather data.

#### **3.1 Research design**

Wiid and Diggines (2010) postulated that a research design is a plan of how the researcher is going to conduct their research investigation under study. The researcher explored two types of research techniques which are explanatory and descriptive.

##### **Exploratory research**

Exploratory research is based on secondary data and the researcher explored books, articles, journals, financial statements, management reports and customer returns reports. The researcher also obtained data from Unilever Zimbabwe market shares and sales reports. Researcher preferred exploratory research design during the study as it assisted to deeply understand how the company has effectively used line extensions to realize market leadership position and brand excellence in the personal care category in Zimbabwe.

##### **Descriptive research design**

The researcher also used descriptive research design to override the weakness of exploratory research design and secure firsthand information. According to Springer (2014) descriptive research involves describing certain phenomena, distinctiveness or functions. The researcher further used descriptive research as it insured that the researcher obtained primary data through surveys. This method was also used by the researcher to instill into the research the undiluted opinion of Unilever Zimbabwe employees, customers and management. Moreover the researcher used descriptive research to condense large amounts of data that were obtained from the surveys into few summary measures.

### **3.2 Target Population**

Target population refers to any group of individuals that have one or more characteristics in common that are of interest to the researcher. The target population for the research comprised of management, employees and customers of the branch under study in Harare Central Business District (CBD). The researcher targeted 3500 customers and 45 employees.

#### **3.3.1 Sample frame**

Sample frame is the list of population of interest one selects for inclusion in the research under study. The research was carried out in Harare at the Unilever head office and Harare CBD. Participants who provided information to answer research questions included customers, employees and management as indicated in the table below.

**Table 3.3.1 Sample Frame**

Respondents	Target Population	Sample size	Sample size as a %
Unilever BB, CM, CD Employees	45	25	55.5%
Customers	3500	75	2,14%
Total	3545	100	57.64%

#### **3.3.2 Sample procedure**

There are basically two methods of sampling, probability sampling and non-probability sampling. When using probability sampling selection of each respondent is assured and when

using non probability sampling the researcher cannot claim that the targeted sample is represented. The researcher used the probability sampling method, Shiu et al (2009) highlighted that probability is a method of drawing a sample size and each sampling unit has a known probability that is included in the sample used. After selection probability sampling the researcher then used stratified sampling and then finally simple random sampling was used for the selected strata.

**3.3.2.1 Stratified sampling**

The researcher used stratified random sampling because the target population under study contains well defined strata. According to King (2012) stratified sampling can be obtained by means of separating the target population into groups called strata and then use simple random sampling from each selected stratum. The research grouped the target population into strata comprising of sales and marketing managers, employees and personal care customers of the company under study. Simple random sampling was then conducted in each stratum. This technique insured that each element within each stratum had an equal probability of being selected.

**3.3.3 Sample size**

The research was conducted with a sample size of 100 respondents consisting of 5 management, 20 employees, and 75 consumers. The researcher targeted the marketing and sales managers and then census was used for these managers. Stephen Wright as cited in works of O` Connor, (2011) suggests that there are various formulae that can be used in determining sample size but the formula must be realistic. For small population, one can use 10-30% of population and 1% of large population can be true representative of the total population.

**Table 3.3.3. Sample size used during the research**

Respondents	Sample size
Unilever management	5
Unilever employees	20
Customers	75
Total	100

### **3.4 DATA SOURCES**

The researcher made use of both secondary and primary data.

#### **3.4.1 Secondary Data**

Secondary data is information that is collected from sources other than the direct area of or respondents in the study. The information may be directly or indirectly related to the study issue, and may at times carry the opinion of the referred author, which is subject to the author's perceptions. Secondary data was collected on line extensions, profitability, sales turnover, growth and market share statistics at Unilever and customer returns data were explored to broaden researcher insights on line extension strategies. In the current study the researcher obtained secondary data from the company's financial statements, business magazines, management reports, sales and market reports, documentary analysis, research journals from the internet and text books. The researcher made use of secondary data because of its efficiency time utilization and it is less expensive which goes well with researcher's constrained financial resources as the data is readily available.

#### **3.4.2 Primary data**

Burt et al (2009) defined primary data as data obtained from the organization that originally collected the information. Primary data provides first hand and current information which can assist in providing solution to the problem under study. Primary data for the research was collected in the form of questioners and interviews for employees, management and customers. Naturalistic observation was also used as the researcher frequently observed customers as they were conducting their shopping routines in various super markets. Primary data was also used to improve reliability of the data collected.

### **3.5 Research Instruments**

#### **3.5.1 Questionnaires**

The researcher crafted two types of questions closed ended and open ended questions. Researcher preferred open ended questionnaires as they allowed participants to give well thought answers on effectiveness of line extensions at Unilever. Furthermore closed ended questions were used as participants were given choices from which they selected answers to the research

questions. Moreover the researcher preferred closed questions in this study as they are easy to understand. Two questionnaires were administered one for employees and consumers.

### **3.5.2 Personal Interviews**

The researcher drafted structured and semi-structured interview questions as the researcher sought for detailed information from expert respondents and to minimize non-response from the research participants. The interviews were conducted with customer marketing managers, brand building managers and customer development managers as their knowledge on the company's brands and line extension strategies was critical to the current study.

### **3.5.3 Observations**

The researcher conducted personal observations on consumers as they conducted their shopping routine in various outlets. The researcher made sure that targeted consumers were not aware of this observation so as to get accurate results on the purchasing habits of the targeted consumers, and get an overall understanding of how they view line extensions.

## **3.6. Data collection Procedure and administration**

The researcher crafted questionnaires and interview questions and were first marked by the supervisor to ensure that they showed a balance between the objectives of the case under study. After the questionnaires and interview questions were approved the researcher then obtained a letter from MSU marketing department for introductory purposes. The questionnaires were further revised by the management before being administered to employees. After getting approval from management the researcher then distributed the questionnaires to employees and collected them after completion. Customers were also issued questionnaires to respond to and they were collected immediately after completion by the respondents. The data collected was then examined accordingly to analyze if it was relevant to the study.

## **3.7. Validity and Reliability of findings**

According to Weiner (2007) validity is the degree to which a research instrument or measurement approach succeeds in quantifying or describing what it seeks to measure. Therefore validity seeks to establish if a particular research truly measured what it intended to measure. To

ensure validity the researcher crafted and distributed questionnaires that clearly outlined the objectives of the case under study.

Weiner (2007) defined reliability as the degree to which a measurement technique can be depended upon so as to secure consistent results upon repeated application. To ensure reliability of findings the researcher worked closely with the supervisor to ensure that they was a balance between the objectives of the case under study and the questions that were crafted for questionnaires and interviews. The researcher also conducted pretests on questionnaires and further ensured that they were written in simple English so that the targeted samples could easily relate and answer the questions.

### **3.8. Data analysis and presentation tools**

Data collected from the respondents was gathered, presented and analyzed through descriptive narration tables, graphs and pie charts. Descriptive narration was used to scrutinize the qualitative data collected from the targeted respondents whilst tables, graphs and pie charts were used to present, deduce and analyze the quantitative data collected from the targeted respondents.

### **3.9. Chapter summary**

The chapter outlined the research methodology, research design and research instruments. The research target population, sample size and the sampling procedures were also highlighted in this chapter. Data sources, data collection instruments and data collection procedure were also embark upon as well. The next chapter consists of data analysis, presentation and discussion of findings.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND DISCUSSIONS FINDINGS

#### 4.0 Introduction

The chapter consists of data that was collected during the research on the effectiveness of line extension strategies on brand sales performance. The chapter main objective is to analyze, interpret and present research findings of the effectiveness of new flavor or variant, new formulation and new packaging on brand sales performance. Pie charts, graphs and tables are used to present findings from the field.

#### 4.1 Response Rate

The researcher distributed 20 questionnaires to Unilever employees and received 20 responses. There was a 100% response rate from the employees. There was an 80% response rate from the management as the researcher managed to interview four managers from the targeted 5 managers. The researcher issued 75 questionnaires to targeted customers from both upper and lower class and received 63 responses therefore they was an 84% response rate from customers. Table 4.1 below shows a summary of the response rate from the different research participants:

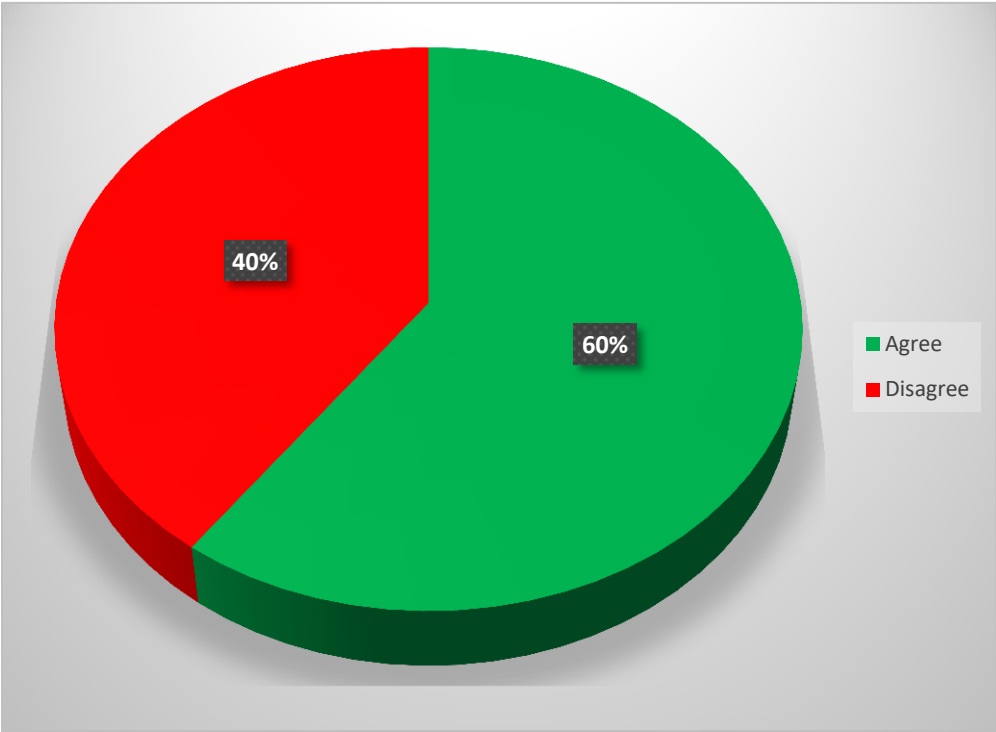
**Table 4. 1: Summary of response rate**

Category of respondents	Research instrument	Target sample	Number of respondents	Response percentage
Management	Interview	5	4	80%
Employees	Questionnaire	20	20	100%

Customers	Questionnaire	75	63	84%
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**4.2 To establish the impact of introducing a new flavor or variant on brand sales**

The researcher sought to establish the impact of introducing a new flavor or variant on brand sales. Employee’s responses to the above objective are indicated below.

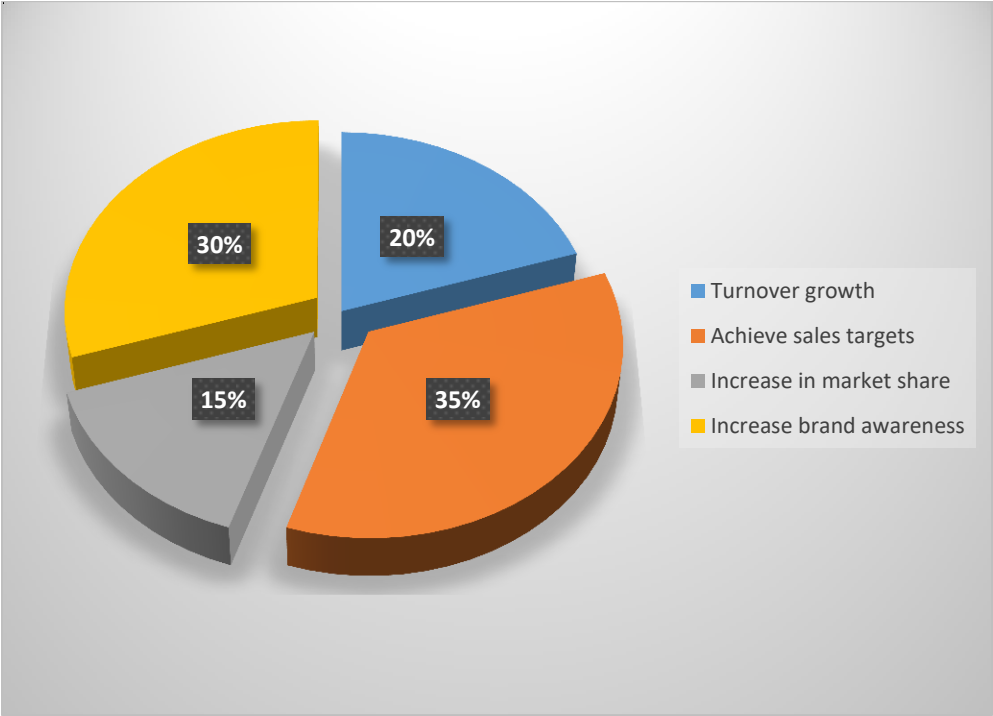


**Fig 4.2 Employee’s response on the impact of introducing a new flavor or variant on brand sales.**

The responses gathered from employees showed that 60% were of the view that introducing the new flavor increased the brand sales and 40% argued that the new flavor did not really increase the overall brand sales. Employees that argued that introducing new flavor did not increase brand sales highlighted that the increase in sales should be credited to the promotions that the brands



conducted, which are Vaseline Winter Warmer and Lifebuoy School of Five for Vaseline and Lifebuoy brands respectively. The responses from Unilever employees and management indicates that introducing a new flavor or variant increased the brand’s sales. According to the management and sales journals of Unilever the sales for Lifebuoy increased by 12% in 2015 and Lifebuoy lemon fresh contributed 38% of the total brand sales.

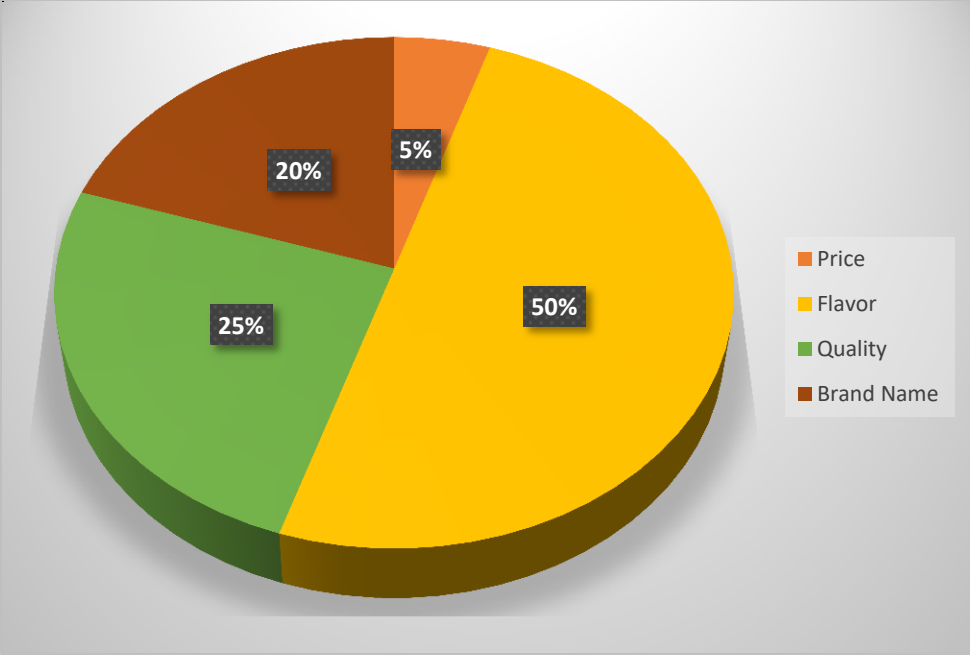


**Fig 4.2.1 Benefits associated with introducing new flavors**

The researcher asked the employees what they thought was the benefit Unilever got from the line extension strategies they implemented. As indicated in figure 4.2.1 above 35% of the respondents were of the view that introducing new flavor helped the organization achieve sales targets. 30% of the respondents said that it increased brand awareness, 20% said it had an effect on the company’s turn over growth and 15% said it helped increase market share. The finding showed that majority of the employees agreed that introducing a new flavor had a positive impact on brand sales as offering a new variant helped target new consumers and markets. The findings also indicate that majority of employees were of the view that introducing lifebuoy lemon fresh had a long term effect on brand sales.

**4.3 What influenced consumers to purchase new Lifebuoy lemon fresh**

The researcher sought to establish what really made consumers to purchase lifebuoy lemon fresh. The researcher wanted to know if consumer were purchasing because it was a new variant or they only purchased because they were loyal to the lifebuoy brand and to a greater extent their purchasing decision was influenced by the brand name rather than the brand flavor.

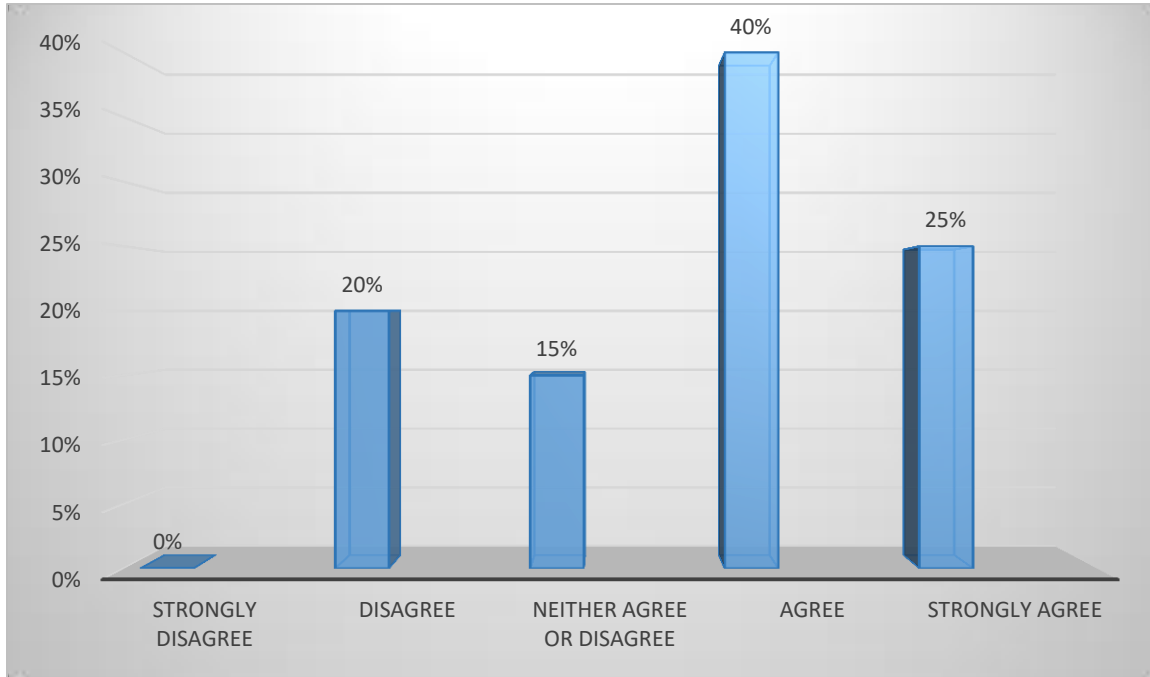


**Fig 4.3 Consumer’s response to what influenced their purchasing decision.**

As indicated above 50% of consumer respondents showed that consumers who said they knew and actually purchased new lifebuoy lemon fresh mainly purchased because of the new flavor. Some of the respondents said that they loved the lifebuoy brand and were excited about the new flavor that’s why they purchased the lemon fresh variant. 25% said they purchased because they viewed the brand as a quality brand regardless of the new flavor being offered. 20% of the respondents said they purchased because of the brand name they have grown to know and love over the years and finally 5% said they purchased because of the price as it is the same as any other hygiene soap so they just end up purchasing the new flavor. The above findings indicate that consumers are usually excited about new products especially new flavors. Therefore companies should always seek to come up with new variants and offer customers a wider portfolio to choose from as variety is usually associated with quality products.

#### 4.4 To determine the effectiveness of new formulation on repeat purchases.

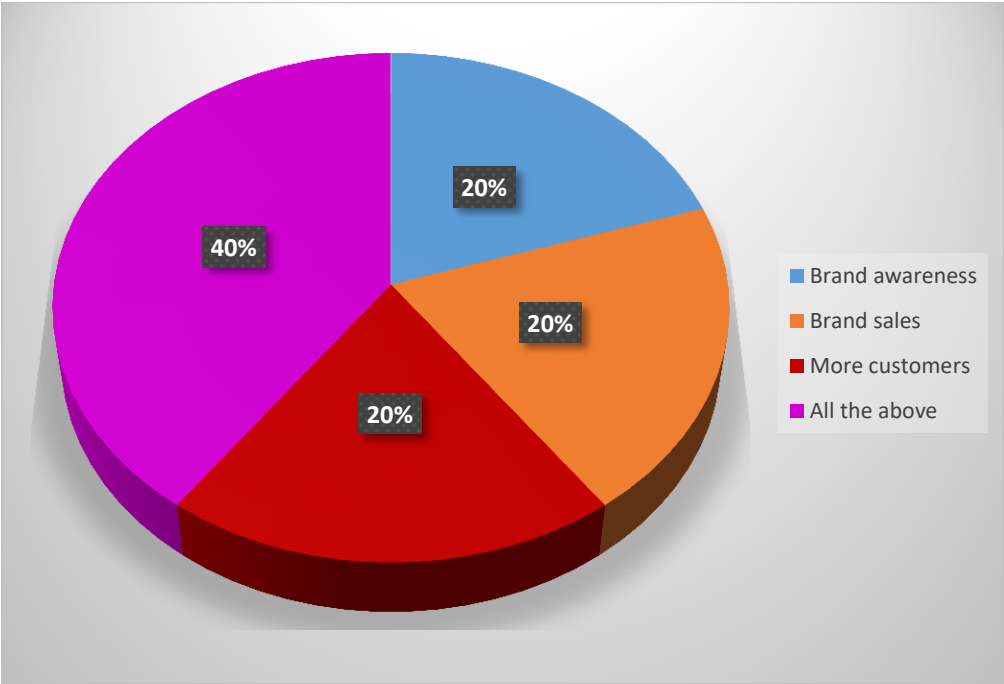
The research sought to establish employee's responses on the effectiveness of new formulation on influencing repeat purchases. The figure below shows the responses from Unilever employees on the effectiveness of introducing new formulation on influencing repeat purchases



**Fig 4.4 Employees responses on the effectiveness of introducing new formulation on influencing repeat purchases.**

Fig (4.4.) above shows employees' view on whether introducing new formulation influenced repeat purchases. 25% strongly agree, 40% agree, 15% neither agree nor disagree, 20% disagree and none strongly disagreed. Majority of the employees indicated that lifebuoys new formulation actually influenced repeat purchase as more consumers started to frequently purchase lifebuoy because of its new formulation. Most employees who agreed that introducing the new formulation had an effect on repeat purchase highlighted that this was mainly because prior to the new formulation they were consumer complaints about the brand's quality. The brands quality issues were addressed through the new formulation as such had a direct influence on influencing repeat purchases. The findings above clearly indicates that improving product formulation helps increase a company's customer base. This is mainly because when a product improves its formulation new customers will want to try the new formulation.

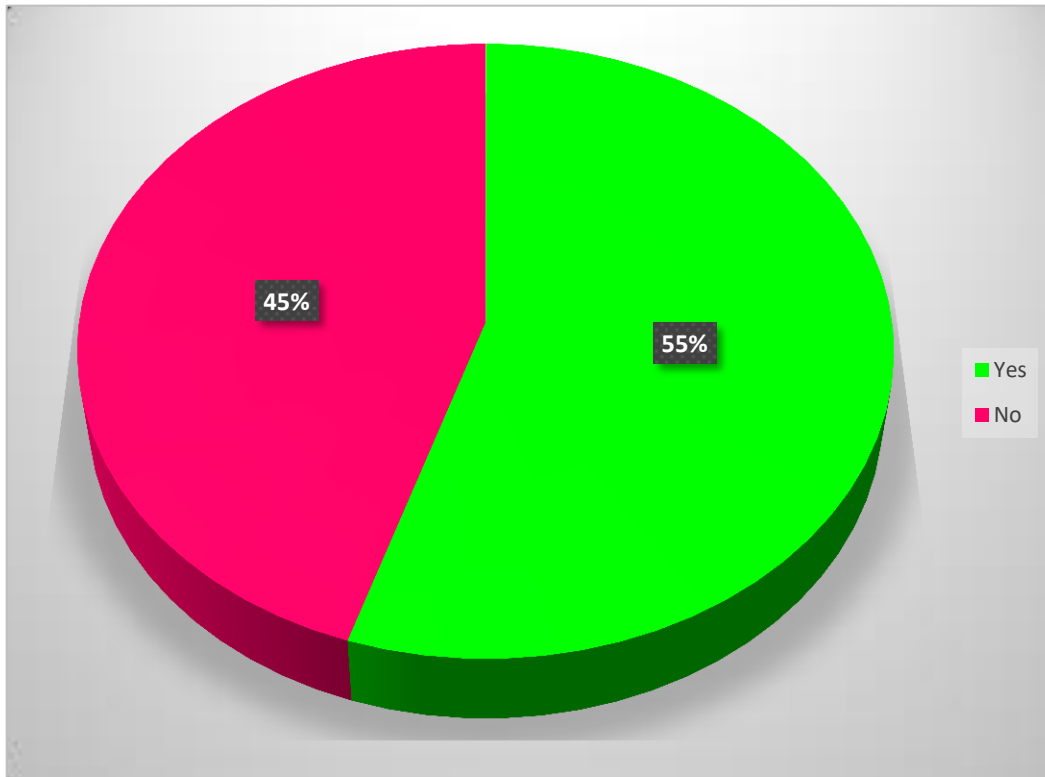
The researcher also asked the managers what they thought were the outcomes of the new formulation. Their answer was that they had conducted a prior market research before they improved the formulation and realised that their target market was mothers whose life revolved around their kids. Protecting them from diseases is their key concern and they are aware that the kids are always exposed to germs of some kind when playing therefore they is in need of a hygiene soap that will be able to assist her in fighting these germs. Therefore management decided to improve the formulation of lifebuoy so that it will be can protect kids against 10 infections. The new Lifebuoy brand communication idea was “stay one step ahead of infections”. Therefore the concluding answer from management was that introducing the new formulation had actually improved the number of sales from consumers as the new formulation addressed the actually needs of the target consumer.



**Fig 4.4.1 Which of the following benefits did Unilever benefit from improving Lifebuoy’s formulations?**

The researcher sought to understand the benefits of improving lifebuoy’s product formulation. As indicated in fig 4.4.1 above majority of employees said that when Unilever improved Lifebuoy’s formulation it not only benefited more customers but also enjoyed increased brand awareness and brand sales. The employees and management also indicated that the number of complaints against lifebuoy had since decreased since the introduction of the new and improved

formulation. The above findings clearly indicate that when a company improves its product formulation does not only influence repeat purchases but also increases brand awareness and brand sales

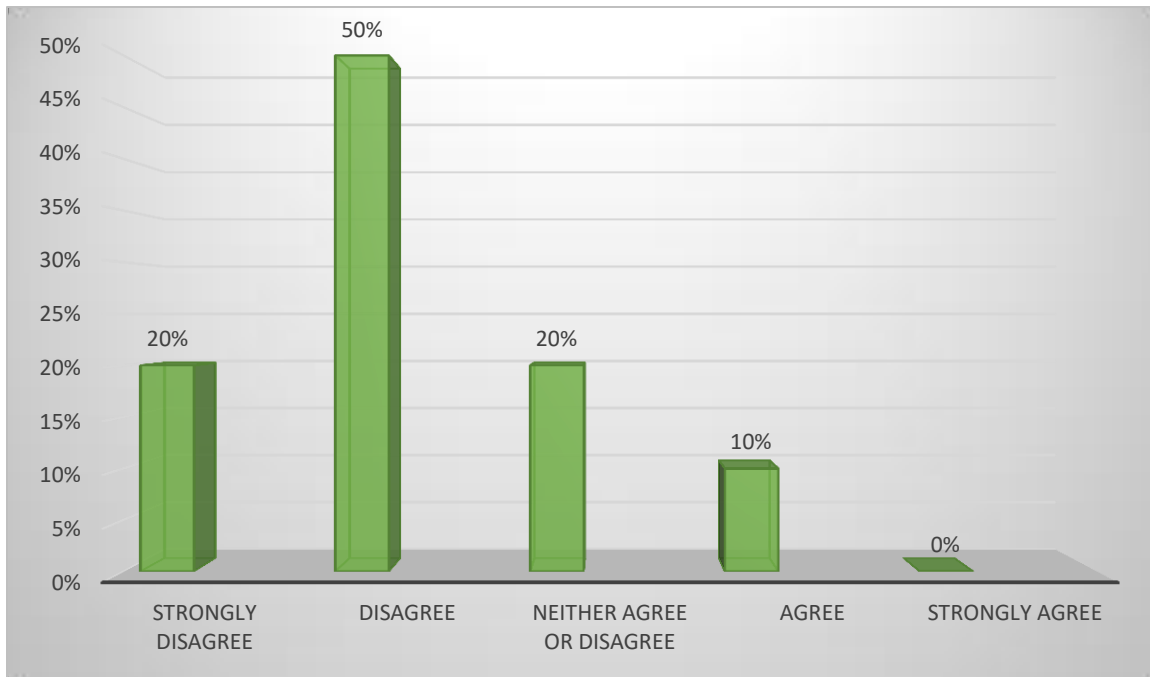


**Fig 4.4.2 Did you ever purchase lifebuoy because it had a new formulation?**

The researcher sought to establish if consumer's purchased and recommended Lifebuoy because of its new formulation. Majority of consumers said they were aware of lifebuoy's new formulation, they had heard adverts through the television and radio of the new and improved formulation. 55% of the respondents said they purchased lifebuoy because of the new formulation and 45% of the respondents said they purchased because they like the brand and viewed it as a quality brand even before its new formulation. Some respondents went further to say they loved the new improved formulation as the new lifebuoy lasts longer and helped fight germ that kids encounter when playing. Many respondents said they had recommended new Lifebuoy to their friends who were not aware that it as they believed it was effective in protecting kids against germs which leads to diseases like diarrhoea, flu and dysentery.

#### 4.5 To measure the effect of new packaging on brand sales.

The researcher sought to establish the effect new Vaseline packaging had on brand sales. The researcher distributed questionnaires to both employees and customers to know their view on Vaseline's new packaging the charts below shows the respondent's answers.



**Fig 4.5 Effects of new packaging on brand sales.**

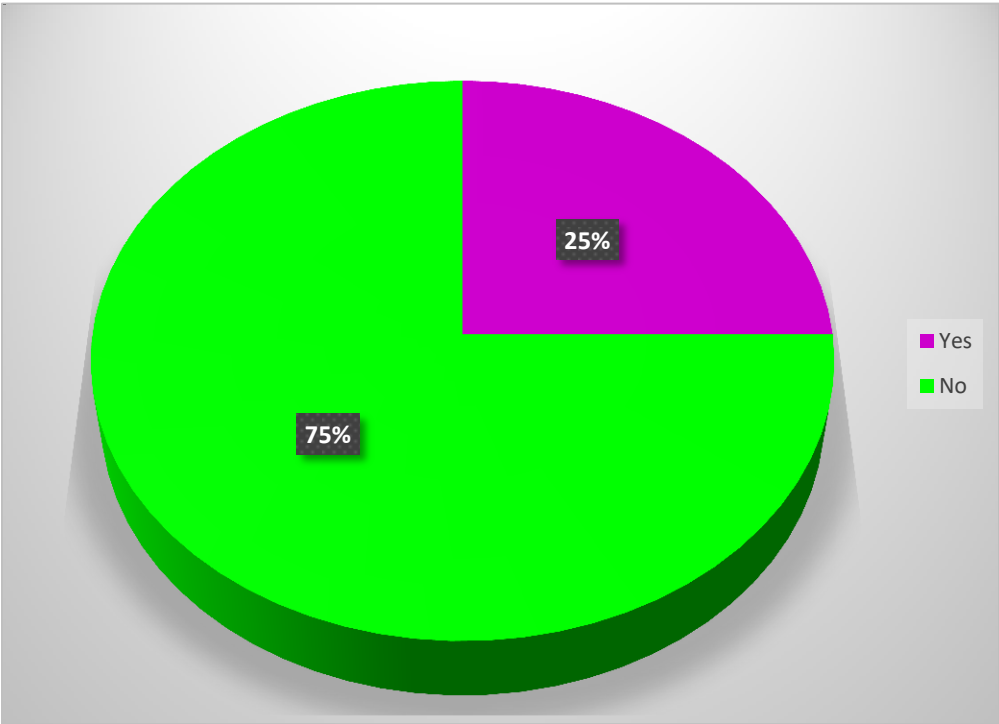
As indicated in the diagram above majority of the employees said that introducing new packaging did not have an impact on brand sales. According to employees they was no noticeable increase in sales because of Vaseline's new packaging as they sales remained almost constant increasing slightly during the period. Most of the employees said Vaseline has been experiencing intense competition from Nivea as must of the Vaseline target market are loyal to Nivea. Due to this fact even when the company introduced new packaging for Vaseline lotions this did not have any effect on brand sales.

When the researcher interviewed the management and asked if new packaging had any effect on brand sales for Vaseline. The management's view was also aligned with that of the employees. One of the marketing managers said they were yet to notice visible difference in sales since introducing the new packaging. The findings above illustrates that new packaging does not necessarily result in increased sales. As such management need to first conduct marketing

researches so as to fully understand consumers and the competitive environment the organisation would be operating under. This helps in ensuring that the organisation implement marketing or growth strategies that are not only relevant to the consumer but also positively impact the brand sales.

**4.5.1 Did you purchase Vaseline lotions because they now had a new packaging?**

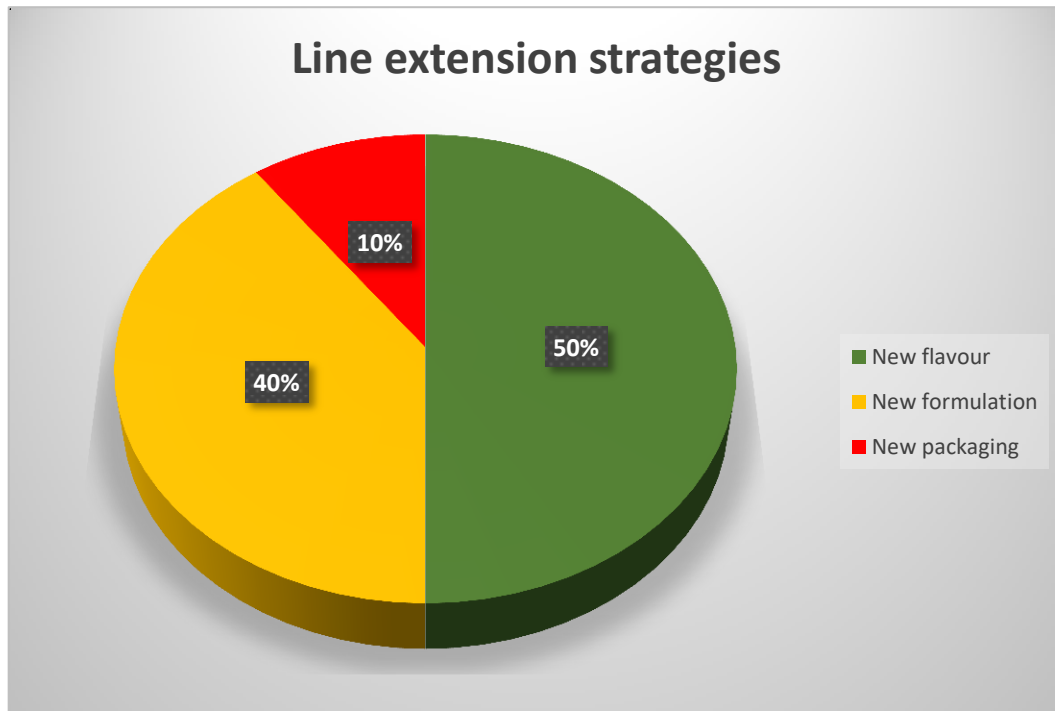
The researcher asked consumers if they were aware of Vaseline’s new packaging and majority of them said they did not notice the new packaging because they usually purchase Vaseline Petroleum Jelly and not Vaseline lotions. A few of the respondents said they had seen Vaseline advert on their TVs and as such they were aware of the new packaging. The diagram below shows the responses the researcher got from consumers on whether they purchased Vaseline lotions because of the new packaging.



**Fig 4.5.1 Consumer’s response**

**4.6 Line extension strategies implemented by Unilever.**

The researcher distributed questionnaires to employees and conducted interviews with Unilever management so as to clearly understand if the line extension strategies implemented were successful. The research sought to establish which line extension strategy actually positively impacted brand sales performance among all the various strategies implemented. The responses gathered from management are presented on fig below



**Fig 4.6**Line extension strategies implemented by Unilever

#### 4.7Lifebuoy and Vaseline Sales after line extension strategies

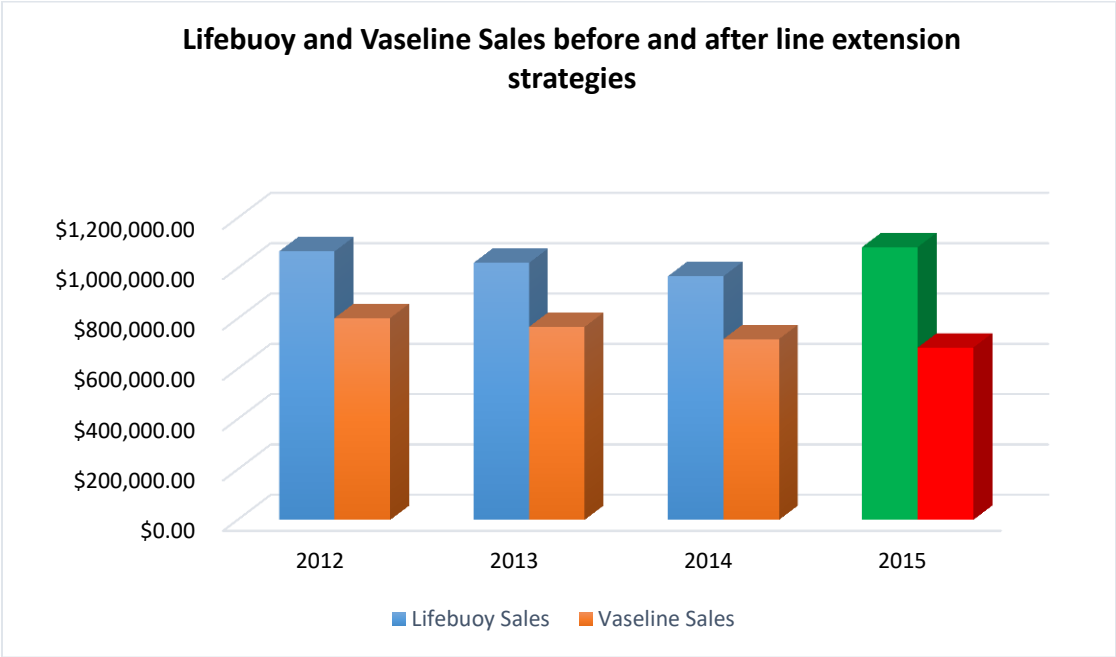
**Table 4.7.1** Lifebuoy sales

Year	Sales	Percentage Growth
2012	\$1,067,426.57	+4%
2013	\$1,021,527.23	-4.3%
2014	\$968,407.81	-5.2%
2015	\$1,084,616.15	+12%

**Table 4.7.2**Vaseline Sales



Year	Sales	Percentage Growth
2012	\$802 465.02	-2.3%
2013	\$767 156.56	-4.4%
2014	\$718 825.70	-6.3%
2015	\$685,040.89	-4.7%



**Fig 4.7.3 Lifebuoy and Vaseline Sales before and after line extension strategies**

The diagrams above indicate Unilever Lifebuoy and Vaseline Sales after implementing line extension strategies. Lifebuoy’s increased by 12% in 2015 and according to the sales journals 38% of the overall Lifebuoy sales were from new Lifebuoy lemon fresh. However the sales for Vaseline decreased by 4.7% in 2015 even after introducing new packaging the sales for the brand still declined. The findings also indicated that of the three line extension strategies implemented by the company, line extension in the form of new flavor was the most successful. Conclusively the data gathered clearly indicated that line extensions can be used as an effective brand growth strategy especially if they are in the form of new variant or formulation.

**4.8 Respondents Demographics**

The table below shows that out of the 63 responses that the researcher got from the questionnaires 38 were females and 25 were male. The researcher obtained more responses from females because they are the ones who mainly use the brands under study.

**Table 4.8.1 Demographic sex for individual customers**

Gender	Number of responses	Percentage of total response
Female	38	60.3%
Male	25	39.7%
Total	63	100%

**4.8.2 Demographic age for individual customers**

The table below confirms that 25.4% of the respondents were in the age class of 20 to 29, 38.1% were in the age class of 30 to 39, 23.8% were in the age class of 40 to 49, 9.5% were in the age class of 50-59 and 3.2% were in the age class of 60 +. This indicates that the respondents in the age class of 20 to 29 and 30 to 39 years participated mostly in this research this is mainly because they are of the working class and actually purchase the products.

**Table 4.8.2 Demographic sex for individual customers**

Age	Number of response	Percentage of total response
20-29 years	16	25.4%
30- 39 years	24	38.1%
40- 49 years	15	23.8%
50-59 years	6	9.5%
Above 60	2	3.2%
Total	63	100%

**4.8.3 Employee’s period of working at Unilever**

The table below shows that from the employee questionnaires 30% of the respondents had been working for Unilever for less than 5 years, 45% for 5 – 10 years and 25% for more than ten years. This shows that the data is reliable as most of the respondents were employees that had been working for Unilever for a long time and have a better understanding of how the business operates.

**Table 4.8.3 Employee's period of working at Unilever**

Years	Number of responses	Percentage of total response
Less than 5	6	30%
5 - 10	9	45%
+ 10	5	25%
Total	20	100%

#### **4.8.4 Employee's educational qualification**

The table below shows that 10% of respondents have diploma, 60% have degree and 30% have masters` degree. This shows that Unilever has the right people for the job which helps the company to achieve its desired results or performance.

**Table 4.8.4 Employee's educational qualification**

Level of education	Number of responses	Percentage of total response
Diploma	2	10%
Degree	12	60%
Masters	6	30%
Total	20	100%

#### **4.9 Chapter Summary**

This chapter concentrated on data presentation, analysis, interpretations and discussions. This chapter has discussed the results, interpreting them and outlining the major findings of the study. It has also been instrumental in answering the research objectives and research questions. The next chapter looks at the summary, recommendations and conclusions of the study.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Summary**

This research was conducted to find out the effectiveness of line extension strategies on brand sales performance. The researcher conducted the study in relation to Unilever Zimbabwe one of the leading manufacturing company in the FMCG sector. Unilever had been experiencing intense competition from its major competitors Nivea and Protex for its Vaseline and Lifebuoy brands respectively. Despite management implementing several intense marketing strategies the two brands were still under performing as compared to brands offering more variants. Therefore leading to the introduction of line extensions for Lifebuoy and Vaseline. The objectives of the study were to establish the impact of introducing a new flavor or variant on brand sales, to determine the effectiveness of new formulation on repeat purchases and to measure the effects of new packaging on brand sales.

The main source of data used by the researcher were primary and secondary data. The researcher made use of two research method exploratory and descriptive research designs. The target population were the employees, management and customers of Unilever Zimbabwe Harare branch. The researcher used a sample size of 5 managers, 20 employees and 75 customers. Probability sampling was used for the selection of respondents as the researcher knew the target audience for the research. The respondents were grouped into stratus to ensure that everyone was represented then the researcher finally used simple random sampling to ensure everyone had an

equal chance of being selected. The research instruments used by the research were questionnaires (for employees and customers), personal interviews (for management) and observations (for customers)

Line extensions have become a very crucial marketing strategy in today's FMCG operations because of the existence of intense competition. Today's FMCG industry is characterized by stiff competition and the ever changing needs and wants of its targeted market. Consumers switch from one brand to the other on a daily bases due to factors like price, changes in consumer tastes and preferences, availability of a variety of new products and variances across the market. Therefore in order for a firm to remain competitive and defend its sales and market share they is need to craft various marketing strategies that continuously address consumer needs. Unilever introduced three line extension strategies in order for the company to remain competitive and cater for consumers changing needs. These included the introduction of a new variant Lifebuoy lemon fresh, improved formulation for the Lifebuoy brand and new packaging for Vaseline lotions.

## **5.2 Conclusions**

The researcher has made the following conclusions:

### **5.2.1 Impact of introducing a new flavor or variant on brand sales**

An analysis of the findings shows that introducing a line extension in the form of a new variant has a positive impact on the overall brand sales. This is evident by the secondary data collected from Unilever sales journals. The responses from employees and management also indicated that the Lifebuoy brand sales increased due to the addition of a new variant Lifebuoy lemon fresh.. Lifebuoy's increased by 12% in 2015 and according to the sales journals 38% of the overall Lifebuoy sales were from new Lifebuoy lemon fresh This clearly shows that line extensions in the form of a new variant are most like to succeed on the market as consumers are interested in variety. According to Nowlis et al (2005) high quality brands offering more variants are believed to actually taste and performs better by consumers. Therefore companies should seek to satisfy consumer need through offering a wider portfolio of variants for consumer to choose from so that their choice when purchasing is not limited to one particular variant.

### **5.2.2 Effectiveness of new formulation on repeat purchases**

As indicated in previous chapters Lifebuoys new formulation influenced a number of repeat purchases. This is evidenced by the finding from customers who said they like the new lifebuoy formulation and have constantly recommended it to their friends. Fig 4.4.3 which showed the responses from customers when asked if they purchased lifebuoy because of its new formulation, 55% of the respondents clearly agreed that the new formulation influenced their purchase. The employees and management also supported the notations as they indicated that fewer complaints have been received since introducing the new formulation. The management also agreed that the number customers and rate of purchase for lifebuoy increased since the introduction of the new formulation.

### **5.2.3 Effects of new packaging on brand sales.**

In regards to the findings in chapter 4 the new packaging for Vaseline lotions did not have any impact on brand sales. This is mainly because 20% of the employee respondents strongly disagreed and 50% of the employees disagreed that the new packaging had a positive impact on Vaseline's sales. Management also acknowledged that the new packaging did not positively impact the brand sales as one of the managers said they were yet to notice visible difference in sales since introducing the new packaging. Finding from customers also indicated that 75% of the customers said they did not purchase Vaseline lotion even after introducing new packaging as they preferred using other body lotions like Nivea.

### **5.2.4 Effectiveness of line extension strategies on brand sales performance.**

The researcher sought to find out the effectiveness of line extension strategies on brand sales performance. The company under study introduced three line extension strategies, introduction of a new flavor Lifebuoy lemon fresh, new product formulation for Lifebuoy and new packaging for Vaseline lotions. Blomquist et al (2004) cited Reddy et al as they explained profitability as a success factor of line extensions. Conclusively as indicated in chapter 4 the line extension strategies that positively impacted brand sales performance were the introduction of a new flavor and new formulation for Lifebuoy. This is evidenced by the 12% increase in Lifebuoy sales in 2015 and Lifebuoy lemon fresh constituted 38% of the overall Lifebuoy sales in 2015. However the introduction of new packaging for Vaseline Lotions did not have any impact on brand sales as the sales for Vaseline lotions dropped by 4.7 % in 2015. This shows that line extensions can be used as to increase a brand's sales.

### **5.3 Recommendations**

In view of the findings, the following recommendations are necessary:

**5.3.1** Based on the previous chapter findings Unilever should continue introducing more product variants that are relevant to the consumers so as to remain competitive. Compared to its competitor Protex, Lifebuoy still has fewer variants and they is need to increase the number of variants to cater for different consumer needs. However as highlighted by some scholars Unilever should avoid having to many variants that do not have any visible difference from the existing brand which eventually confuses customers.

**5.3.2** In order to remain competitive and ahead of competitor brands Unilever should continue improving formulations of their existing brand. Improving formulations help attract more customers if the new formulation capitalizes on the weakness of the previous formulation. Introducing new formulation also reduces the number of complaints especially when the formulation is created on the bases of addressing the weaknesses of the current formulation. Therefore Unilever should continue conducting market researches and understand consumer needs and eventually address them through new formulations.

**5.3.3** Unilever should conduct a market research especially on its target market for Vaseline lotions and fully understand what the consumer really wants before implementing any strategies to increase Vaseline's profits. This will assist the company in ensuring it does not make unnecessary and irrelevant marketing strategies that will not have any noticeable impact on brand profitability. The company should also conduct competitor analysis to find out what exactly competition is doing that is preferred by customers and align their marketing strategies to these findings.

### **5.4 Area future research study**

I recommend future studies in **celebrity endorsements** and **competitor analysis**. It is of outer most importance for FMCGs in today's hyper competitive environment to look into celebrity endorsements and competitor analysis in order for them to establish a competitive edge over competitor brands.

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**Appendix A: Questionnaire for customers**

My name is Hazel Tatenda Faifi a marketing student from Midlands State University. I am conducting a research on the **effectiveness of product line extension strategies on brand performance a case of Unilever**. I will be grateful if you can assist me by answering the questions provided on this paper. All information collected shall remain private and confidential and will be used for academic purposes only.

**Instructions:** Please tick where appropriate.

**1. To establish the impact of introducing new flavor or variant on brand sales.**

i. Were you aware of Lifebuoy’s new flavor lifebuoy lemon fresh?

Yes  No

ii. Did you ever purchase Lifebuoy lemon fresh?

Yes  No

iii. How often did you purchase new Lifebuoy lemon fresh?

Twice a month  Once a month

Occasionally  Never

iv. What influenced you to purchase new Lifebuoy lemon fresh?

Price

Flavor

Quality

Brand name

**2. To determine the effectiveness of new formulation on repeat purchases**

i. Did you know that Lifebuoy had a new and improved formulation?

Yes

No

ii. Did you ever recommend new Lifebuoy with improved formulation to anyone?

Yes

No

iii. How many people did you recommend new improved Lifebuoy to?

5 - 10

10-20

Others specify .....

iii. Did you ever purchase new Lifebuoy simply because it now had a new formulation?

Yes

No

**3. To measure the effect of new packaging on brand sales.**

i. Did you know that Vaseline Lotions changed their packaging?

Yes

No

ii. Did you purchase Vaseline lotions because they now had a new packaging?

Yes

No

iii. Did you switch to Vaseline Lotions because of its new packaging?

Yes

No

iv. What influenced your decision to switch to Vaseline Lotions?

Price

Packaging

Quality

Brand name

4. Indicate your age

10 -19 years

20 - 29

30 -39

40-49

50 - 59

60 and above

ii. Indicate your sex

Male

Female

5. If you have any suggestions for (Vaseline and Lifebuoy) new package, formulation and flavor, please add them here;

.....  
.....  
.....  
.....  
.....  
.....

Thank you for your time!!!!!!!!!!!!

## Appendix B: Questionnaire for Employees

My name is Hazel Tatenda Faifi a marketing student from Midlands State University. I am conducting a research on the **effectiveness of product line extension strategies on brand performance a case of Unilever**. I will be grateful if you can assist me by answering the questions provided on this paper. All information collected shall remain private and confidential and will be used for academic purposes only.

**Instructions:** Please tick where appropriate.

### 1. To establish the impact of introducing new flavor or variant on brand sales.

i. What benefit did Unilever achieve from introducing new Lifebuoy lemon fresh?

Turnover growth	<input type="checkbox"/>	Ability to achieve sales targets	<input type="checkbox"/>
Increase in market share	<input type="checkbox"/>	Increase brand awareness	<input type="checkbox"/>

ii. Would you say new Lifebuoy Lemon Fresh had a positive impact on the brands profitability?

Yes  No

iii. Which of the following effects did Lifebuoy Lemon Fresh have on brand sales turnover?

Short term increase  Long term increase

### 2. To determine the effectiveness of new formulation on repeat purchases

i. Which of the following benefits did Unilever benefit from improving Lifebuoy's formulations?

Brand awareness  More Customers   
 Brand sales  All of the above

ii. Did Lifebuoy's new formulation increase the number consumer purchases?

Yes  No

iii. Please indicate your opinion on the following statements using a five scale, where 1- strongly disagree; 2- Disagree; 3- Neither agree or disagree; 4- Agree; 5-Strongly Agree

Statement	1	2	3	4	5
New product formulation for Lifebuoy helped influence repeat purchases					
Unilever attracted new and loyal customers because of Lifebuoy new product formulation					
Lifebuoy's brand awareness increased because of its new formulation					
Line extensions with new formulation attracted new and loyal customers					

**3. To measure the effect of new packaging on brand sales.**

i. Did new packaging for Vaseline Lotions increase brand sales?

Yes  No

ii. Which of the following benefits did Unilever enjoy from new packaging of Vaseline Lotions?

Brand awareness  Ability to achieve sales targets   
 Increase in sales  All of the above

iii. Please indicate your opinion on the following statements using a five scale, where 1- strongly disagree; 2- Disagree; 3- Neither agree or disagree; 4- Agree; 5-Strongly Agree

Statement	1	2	3	4	5
New packaging for Vaseline Lotions increased the brand sales					
Vaseline Lotions new packaging increased brand awareness					
Vaseline lotions became more visible on shelf after the new packaging					

iv. In your opinion what else can Unilever do to attract more consumers to enhance performance in terms of market share, sales turnover, sales growth and brand awareness?

.....  
.....  
.....  
.....  
.....

4i. Indicate your gender

Male  Female

ii. Indicate level of education

Certificate  Diploma  Degree  Masters

iii. How long have you been working for Unilever?

Less than 5years  5-10 years  15+ years

Thank you for your co-operation. For any information do not hesitate to contact: Hazel Faifi

Phone number 0775489849

Email: faifihazel@gmail.com



### **Appendix C: Interview Guide for Management**

My name is Hazel Tatenda Faifi a marketing student from Midlands State University. I am conducting a research on the **effectiveness of product line extension strategies on brand performance a case of Unilever**. I will be grateful if you can assist me by answering the questions provided on this paper. All information collected shall remain private and confidential and will be used for academic purposes only.

1. How would you describe the state of competition for Vaseline and Lifebuoy?
2. Giving reasons would you say introducing new Lifebuoy lemon fresh had an impact on brand sales?
3. How effective was introducing new Lifebuoy formulation on influencing repeat purchases
4. You introduced new packaging for Vaseline lotions would you say that this strategy helped increase brand sales?
5. Did Unilever ever fail to achieve Vaseline and Lifebuoy brand targets due to poor brand awareness?
6. In your opinion what else do you think Unilever can do to effectively market its brands to consumers?

