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Abstract

We live in a branded world. It has become increasingly popular to reduce the risk of failing with a new product launch by following a brand extension strategy. It has been reported that as many as eight out of ten new product launches are made under the name of an already existing brand name, hence making it a brand extension.

In June of the year 2004 Reebok announced that they were going to enter ice-hockey markets by extending their brand to cover also ice-hockey equipment. This study is a quantitative study on this brand extension. The research problem of this thesis is: *how is the brand extension of Reebok into the ice-hockey equipment market perceived by the consumers?* The research problem was divided into following sub-problems: how similar is the new product category of ice-hockey equipment with the other product categories of Reebok? How good is the brand reputation of Reebok among the consumers of ice-hockey equipment? How high is the perceived risk of using Reebok ice-hockey equipment among the consumers? How innovative are the consumers of ice-hockey equipment in adapting a new brand in the market?

The answers to these questions were studied using two methods. First a preliminary study was conducted, which was an interview. Then the actual study was conducted by using a survey. Hence this study contains both a qualitative and quantitative methods, with the emphasis on the latter. The sales and marketing manager of Reebok was interviewed in the preliminary study. The population of the main study, which is the survey, is the active players of ice-hockey in Finland, who play in an organized team but not on the professional level. A random sample was taken and they were asked to fill a questionnaire in the internet. The data was then carefully analyzed.

The results were highly controversial. Results from the survey claimed that Reebok's brand extension should not be very successful. The category of ice-hockey equipment was considered very different from the other product categories of Reebok, the perceived risk of using their equipment was considered somewhat high and the consumers are not innovative in adapting new brands in the market. The only factor that spoke on behalf of success was the reputation of brand. But the interview revealed that Reebok is the market leader in ice-hockey equipment. How can such an equation be possible?

Luckily the interview also revealed some aspects that could be used to explain how this success was possible. Instead of the factors discussed commonly in brand extension theories, also in this used in this study, this particular case had very different factors behind its success. Existing distribution channel and credibility were found to be the ruling power of this brand extension.

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| Key words | Brand extension, sports brands, ice-hockey equipment |
| Further information | |