

A Work Project, presented as part of the requirements for the Award of a Master's Degree in Management from the NOVA School of Business and Economics

How can FOX Networks Group become a successful Live Events & Experiences player in Iberia?

Individual Assignment on Brand and Service & Product Assortment

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Initial Note: Due to the nature of this work, some of the contents are similar than the ones on the master thesis body.

Introduction: Growth through brand extensions

“Sub-brands are brands that modify the associations of a master brand or parent brand, which remains the primary frame of reference. The sub brands can add associations, a brand personality and a product category. The role is usually to extend the master brand into a meaningful new segment.” (Aaker, 2004).

Bearing that in mind, with the objective of becoming a successful Live Events & Experiences player in Iberia, a completely new sector of activity, FOX Network Group (FNG) is adopting a diversification strategy, where three new sub-brands are going to be generated within this new scope of business (Exhibit 1). These sub-brands will enable the business models to detain well defined and separate brand identities while still associated with the master brand. The sub-brand architecture choice is in this case convenient, since the aim is to stretch the brand from a company solely operating in broadcasting industry to novel forms of business while extending the master brand to a new target audience - Millennials. This action will enrich the master brand with fresh associations and position FNG in consumers’ minds as no longer just a broadcasting group, but one that offers “real life immersions into the world of the series”. Meanwhile taking advantage of the already favorable brand associations of FNG and conserving in part, brand-building resources by leveraging existing brand equity (Exhibit 2). For these newly created sub-brands to be successful, consumers must perceive a fit between the parent brand and the brand extension, and that should be taken into consideration when designing the brand identities of each of the business models.

Brand Identity

Taking that in consideration, the first step when building a brand is to define its identity. As stated by Kapferer (2012), brand identity precedes the brand image and intends to specify the brand’s meaning, aim and self-image. It is an aspirational concept that can be summarized by what brand managers desire the brand to be, its tangible and intangible characteristics.

Everything that gives it a unique authority and legitimacy within a realm of precise values and benefits. Brand image, on the other hand is both the result and interpretation of it, by the consumer side. That's why a well-built brand identity will effectively communicate a company's' personality and its product value to potential customers, helping build brand recognition, associations and loyalty. Furthermore, building a brand identity requires a multi-disciplinary, strategic effort since every element needs to support the overall message and business goals. Being more precise, Kapferer (2012), identifies six facets that make up a brand's identity and which can be summarized in a hexagonal brand identity prism. To build a strong identity prism, one should ensure each facet to be described by only a few but powerful words. Those words should connect the facets but not be repetitive among them, since on one hand each facet addresses a different dimension of brand uniqueness, and on the other it avoids redundancy. Those facets are:

- *Physical:* It is the brand pillar and the first step when developing the identity. It can be defined by what brand managers want the most salient brand features to be, not only specifically tangible aspects but also intangible; the set of features the managers want people's minds to evoke when the brand name is mentioned, for instance a color, the logo or the business sector.
- *Personality:* This facet reveals the personality traits the brand would have if it was a human. Defining this facet is key to delineate the communication and define the tone and style of advertising, since when communicated, the personality gradually builds up character allowing the consumer to identify with the brand or to project itself into it.
- *Culture:* It is the most important facet of the prism. Being the ideological glue that ties everything together in the long term, one can define it as the intangible core of the brand; the set of values that confer uniqueness to it and feed the brand inspiration.
- *Relationship:* This facet defines the process of behavior that most identifies the brand.

It can be described by what the brand would like to offer to the consumers in a tangible or intangible form and dictates the mode and intensity of the relationship between the brand and its consumers. This gains even greater dimensions when the core offer of a brand (as is the case of the new sub-brands) is a service, since in those cases the brand and its offers are often at the heart of transactions and interactions between people, being service by definition a relationship.

- *Customer Reflection:* Defines the brand projected desired consumer type. Although this definition can lead one to mix the customer reflection with the target, reflecting the customer is not describing the target, since the last describes the brand's potential purchasers while the first can be defined by what consumer wishes to be seen as result of using the brand. Likewise, consumer reflection is not what the consumers really are, but rather what they aspire to be/look when purchasing the brand. The customer reflection is because of that, a much smaller segment than the target.

- *Self-Image:* While customer reflection focus on its target's external mirror, self-image is the private interior mirror held by the targeted group. It can be defined by what brand managers want the users to feel when using the brand. Through the attitude towards certain brands, the consumer indeed develops a certain type of inner relationship with itself. This facet can be described by what brand managers desire that inner relationship to be.

The brand identity prism, formed by this six facets, can be further divided vertically into the facets that entitle the brand with its external expression - facets on the left side (physical, relationship and reflection) - and those incorporated within the brand spirit, the inner part of the brand - facets placed on the right side (personality, culture and self-image). Furthermore, based on the concept of communication featuring a sender and a recipient, the model can also be divided horizontally. On the upper side, the physical and personality facets describe the sender, and on the lower side, reflection and self-image define the intended recipient, while

the facets in the middle, relationship and culture, intend to connect the two sides. Applying the brand architecture choices to the new brand extensions it is vital that those have well-defined and separate brand identities between them and the master brand (Exhibit 3). It is also crucial the existence of a natural link beyond the name in the perspective of both consumers and company, allowing the sub-brands to subsist to the original master's brand promise, delivering only different expressions of the same values. In fact, all the sub brands and the FNG brand identities share similarities but also a wide range of differences. Looking closer on the subject, it can be perceived that such differences emerge as a result of FNG currently expanding its operations beyond TV and delivering a new value proposition built around consumer-centricity. Moreover, when considering *Physical* aspects, it is crucial to mention the shift from high quality broadcasting entertainment to high quality sensorial live entertainment, where the consumer is now at the center of the experience. Although some of the physical aspects change due to that, others remain constant, enabling consumers to form the link between FOX and the new business models while creating new associations. Likewise, the connector factor inserted in the physical facet is the fact that both the master brands and its sub brands focus on delivering high quality entertainment. The *Relationship* facet highlights exactly the shift mentioned before, as consumers can now be fully emerged in FOX contents, playing an active role, instead of a passive one (TV viewers). The new sub-brands deliver entertainment experiences in which no longer the aim is to only enable a relationship between watchers and FNG contents/characters, but also among fans, creating deeper connections between consumers sharing the same experience and gathered at the same time and place: active communities united by a common passion and interests. Furthermore, if FNG was a *person* it would be family oriented, trustworthy and versatile; On the opposite side, sub-brands would be millennials, with more active personality traits and with an out-of-the-box mentality. Additionality, when exploring the Culture, being the most important facet

of the identity prism and the core of a brand, it remains mostly equal across all the new sub-brands and the master brand. Regarding Customer reflection, since all the first editions of the business models presented are based on a specific broadcast TV series, there is a shift in reflection from TV fans to specific TV series lovers (the ones in which each of the business model is themed on). Alongside, the ideal consumer would be young, trendy, extrovert and modern. Lastly, regarding Self-image the connecting point is “I enjoy quality entertainment” while the differentiator point is the fact that the new sub-brands deliver active live experiences, that are different and out of the ordinary, conveying feelings of excitement and exclusivity.

Brand Elements

After designing the identities for the new business models and understand the fit with the master brand, brand elements needed to be defined. As stated by Keller (2012), brand elements are trademarkable devices that serve to identify and differentiate the brand from its competitors. Among the main brand elements, one can find names, website addresses, logos, symbols, characters, spokespeople, slogans, jingles and packages. Moreover, brand elements should be chosen based on the position choices made before and with the ultimate goal of building a strong brand equity. Customer-based brand equity is by definition the differential effect that a brand knowledge has on consumer response to the marketing of that brand (Keller,2012). This is achieved by promoting brand awareness and positive brand image. Likewise, brand elements should facilitate distinctive and favorable brand associations and stimulate positive brand feelings. In order to achieve it, six criteria should be respected: one ought to be *memorable* to foster recognition or recall in purchase or consumption settings, increasing brand awareness; *meaningful*, revealing benefits or relevant traits of the brand or its intended user in order to enhance the formation of brand associations; *likable* by being aesthetically appealing; *transferable* both in product sense since it has to be useful across

categories and in a geographically sense in order to remain a good fit beyond geographical boundaries and market segments; adaptable since it should be flexible to remain adequate throughout changes that may occur with the passage of time; lastly, it should be protectable both in a legal scope (regarding patents, copyrights and trademarks) and in a competitive landscape, by creating protections against competitive actions, with the ultimate goal of remaining unique. After analyzing the theory, brand elements were chosen for each of the three business models in accordance with the along mentioned criteria.

Service and Product Assortment

According to Lovelock & Wirtz (2016), service performances are experienced rather than owned. Even when there are physical elements to which consumer takes title (drinks or cooked meals which are promptly consumed), a significant part of the price paid comes from the value added by the service elements. A service product comprises all elements of the service performance, both physical and intangible, that create value for customers. When analyzing the marketing mix element of service and product assortment provided by the new three business models, one should take into consideration that a service product is a combination of three different components; the core product, which is the central component of the offering delivering the main benefits and solutions customer seek; supplementary services that exist to facilitate and enhance the core product. Those are the ones that confer uniqueness to the offer, being responsible for creating competitive advantage since, as time passes and the industry matures, core products tend to become generalized; lastly, the delivery processes, that determine how both the core and supplementary service elements are delivered to the customer. The process of designing a service product, should be based on how can the core offer and supplementary services be combined, sequenced and delivered. Applying the theory to the new business models, one can infer that the core offer of **FOX Fever: Family Guy edition** is a fully themed party experience inspired on Family Guy series, while **FOX**

Prison Break bar offers the ultimate cocktail experience in a fully themed prison and immersive ambiance and, finally, **FOX Crime Scene** delivers a realistic murder-mystery game experience based on one FOX crime series. Furthermore, according to the “Flower of service” model presented by Lovelock & Wirtz (2016), supplementary services can be compartmentalized in two different types: *facilitating supplementary services* - the ones that are required for either service delivery or aid in the use of the core product; *enhancing supplementary services* - the ones that add value for customers. Among *facilitating supplementary services*, one can mention a few that were taken into consideration when designing the new experiences and that constitute pillars for building a strong product service:

- **Information:** In order to understand the offer and its inherent value proposition, relevant information need to be available to the potential consumer. With that purpose, a Facebook event page was created for FOX Fever: Family Guy Edition, with all the information regarding the event. Considering the other two business models, website pages were generated also with all the relevant information about the experiences (featuring the sections “about us”, address, price, instructions on how to buy tickets or to reach to the venue, and a “contact us” section with email and phone contacts for further informations). (Exhibit 4)
- **Order-taking:** This step is achieved when the consumer intends to make the purchase and proceeds to make a reservation, an order or submit an application (in case there is need of acceptance). The process should be polite, fast and accurate and technology is often used as a vehicle to achieve that, optimizing the process for both consumers and suppliers.
- **Billing & Payment:** Billing is the act of summing the total cost of goods and services purchased by consumer in a specific period of time while payment it’s the process where the amount of the bill is paid. This processes should be easy and accurate.

Concerning the purchase of the tickets for the three experiences, order, billing and payment are combined into a single act, the self-billing. In this type of process, when consumers intend

to buy a ticket they just select the number and type they want on the correspondent website, automatically receiving the amount due. The next step is to choose and authorize the online payment method, receiving subsequently a ticket and the receipt through email. For the purchases made throughout the events, in FOX Fever parties is going to be implemented a card system (quite common in parties and clubs) and for FOX Prison Break Bar since each experience has considerably less customers per slot, instead the “prisoners” just order the intended consumption throughout the event, receiving at the end of the experience the final bill with the amount due and proceed to pay.

Regarding *enhancing supplementary services*, once again is vital to delineate some that are common to any strong product service. Among those, one can find:

- Consultation: This service is related with the dialog with the consumer in order to understand its requirements allowing the development of a tailored solution. Regarding the Prison Break bar, cocktail bartender experts will be available to develop cocktails tailored to the guests tastes or to advise them on how to choose from the pre-defined cocktail and drinks list. Concerning the party, the same will happen in each bar and as for the FOX Crime Scene experience, several actors will be present throughout the experience and a supervisor will be assigned to each team to address any question that may arise.
- Hospitality: This parameter finds its fullest expression in face-to-face encounters, and have a special importance in the delivery of the mentioned experiences. Regarding the parties, this parameter can be found in the fully thematic decoration, in the actors costumed as Family Guy characters interacting with the guests, in the American drinking games and ball pool at the customers’ disposal, in the shows and performances taking place throughout the night and even in the distribution of stickers with iconic lines of the series. On top of that, the space will also have a picture section where guests are invited to take pictures or to cash out pictures taken at the party with their phones and shared on their social media platforms. In case the

party venue is dislocated from the center of the city, shuttle buses departing from a convenient location would be provided and at the end of the night an American food stand will be selling food. Considering the Crime Scene experience, several vending machines will be available at the space in case the customer wishes to buy a drink/snack throughout the game. Due to the phone's dependence for playing the game (use of a mobile app in the players' phones), free Wi-Fi is offered along with the option of borrowing a sponsored power bank throughout the game. At the end, each team will receive a title award and will have the possibility of taking a team picture. The players of the winning team will be also rewarded with sponsored FOX inspector badges. Lastly, regarding the bar, at the entrance consumers will receive a blue jumpsuit and an inmate number (recreating the Prison Break theme) and are going to be invited to take mugshots pictures (Exhibit5). During the "sentence time", some pop-up quizzes and enigmatic games based on Prison Break series will take place, creating engagement.

- Safekeeping: Regarding Safekeeping, all the three spaces where the events are going to take place will have a designated secure place for customers to leave their belongings (coatroom for the party and the crime scene experience and lockers at the FOX Prison Break bar entrance) and security teams will be present throughout all the experiences.
- Dealing with Exceptions: For special requests, consumers can send messages before the experiences through the website or Facebook event pages. Furthermore, for FOX Prison Break Bar, a Zomato page was created to enable guests to share their experiences, consequently increasing consumers trust on the brand and ultimately leading them to attend the experience by enhancing the brand purchase intention.

Roadmap

According to Weitz and Lovelock (2016), style changes represent the simplest type of innovation, are extremely visible and create excitement. Parallel to that, the Millennial

generation tends to consider regular updates and frequent releases to be the norm and innovation a necessity. Bearing that in mind, the three new business models are expected to change themes after a period of time, always maintaining the distinctive format and remaining innovative. It is expected that through the constant changes and innovations, a sense of urgency emerges, converting these events into exciting and exclusive ones. This will ultimately fuel consumers' desire to become one of the lucky-ones to experience them before they are over. Likewise, it is expected for FOX Fever (after the first year with the theme of Family Guy) to be replicated with three different party themes per year in each city, for FOX Prison break bar to be a pop-up concept that changes theme after six months of its opening in each city, and even for the FOX Crime Scene to close during one month, after eleven months of its opening in order to change the challenge and the decoration of the space, reopening one month later. On top of the themes changes, after the first year of implementation, if proven a success, it is expected for the four concepts, to be replicated in number (case of FOX Fever), and also expanded geographically to other cities in Iberia, (including Madrid, Barcelona, Oporto and Lisbon) (Exhibit 6). These were the chosen cities in Iberia to rotate the BM's in a 5 year plan, since Lisbon and Oporto in Portugal and Madrid and Barcelona in Spain are the cities with the higher number of millennials living in the metropolitan area, and where the tourism among this generation is showing a meteoric growth in the last years. (World Travel Trends, 2017) These constant expansions, replications and change of themes will facilitate service improvements and supplementary service innovations through the gain of expertise and "know-how" in delivering experiences. Ultimately, the enlargement of the business through this clear sustainable strategy will potentiate the capitalization of initial investments, ensure business critical mass and enhance Iberia's coverage. All, with the ultimate goal of turning FOX a reference player in the Live Events & Experiences industry in Iberia.

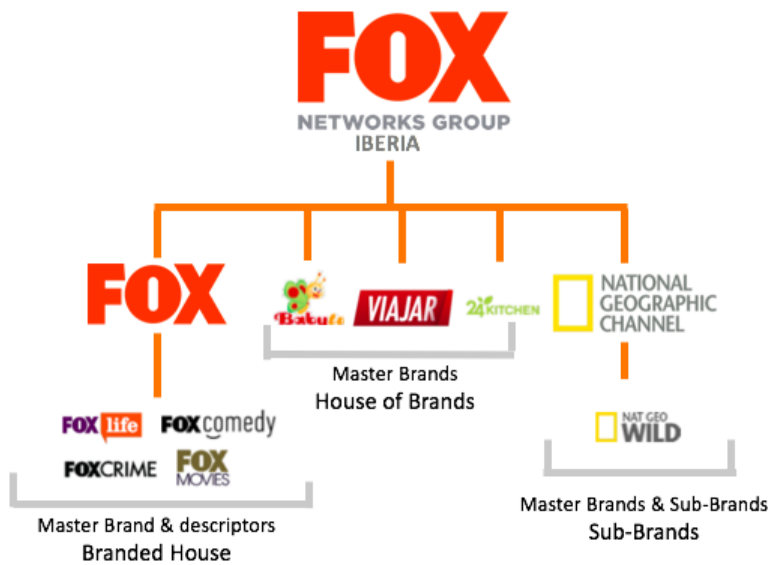
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List of Exhibits

Exhibit 1 – Brand Architecture of FNG Iberia

Previously:



After the creation of the new business models:

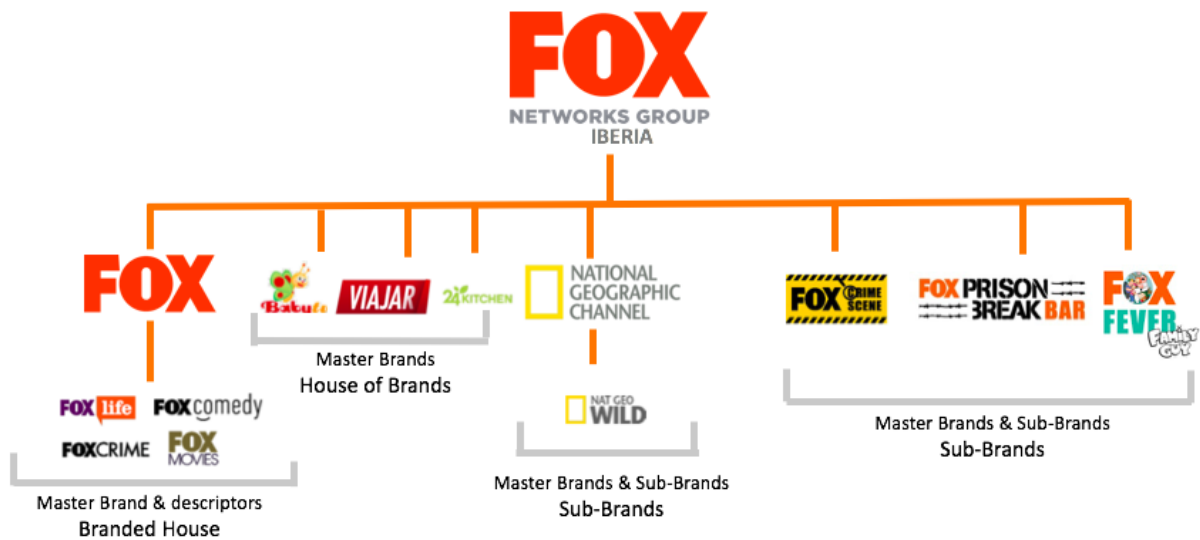
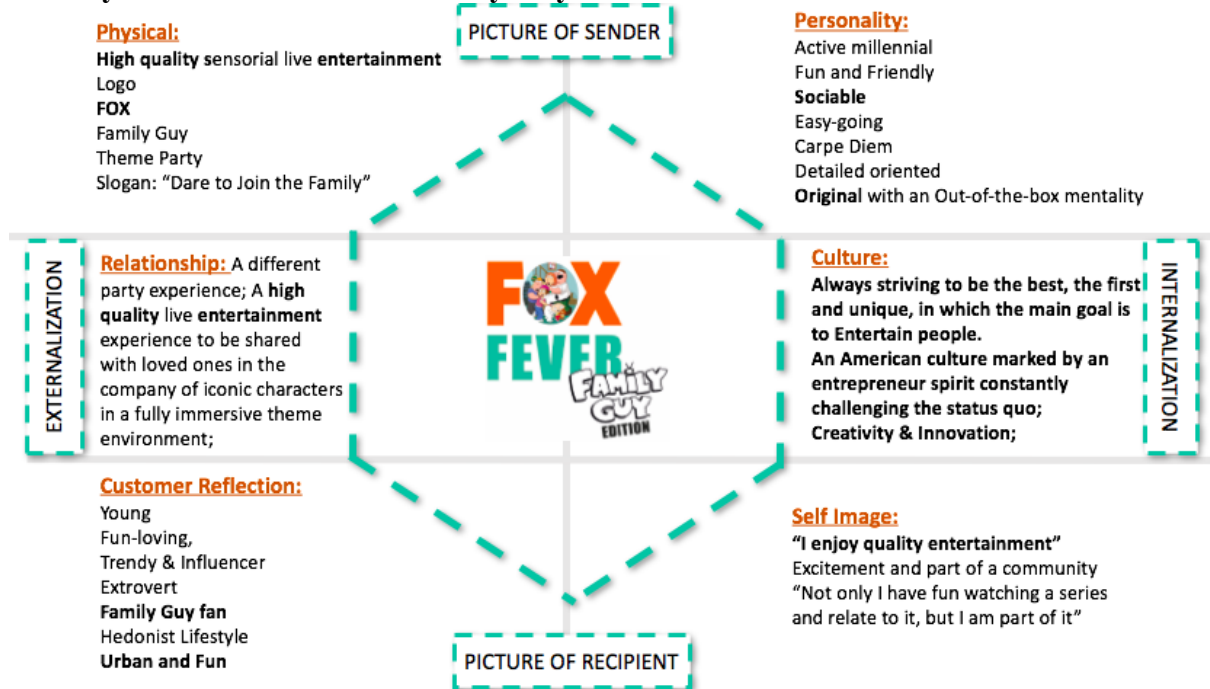


Exhibit 2 - Cycle of Mutual Benefits between FNG and the new sub-brands



Exhibit 3 - Kapferer's Identity Prism: FOX Fever: 'Family Guy' edition; FOX 'Prison Break' Bar; FOX Crime Scene and FOX Network Group Iberia

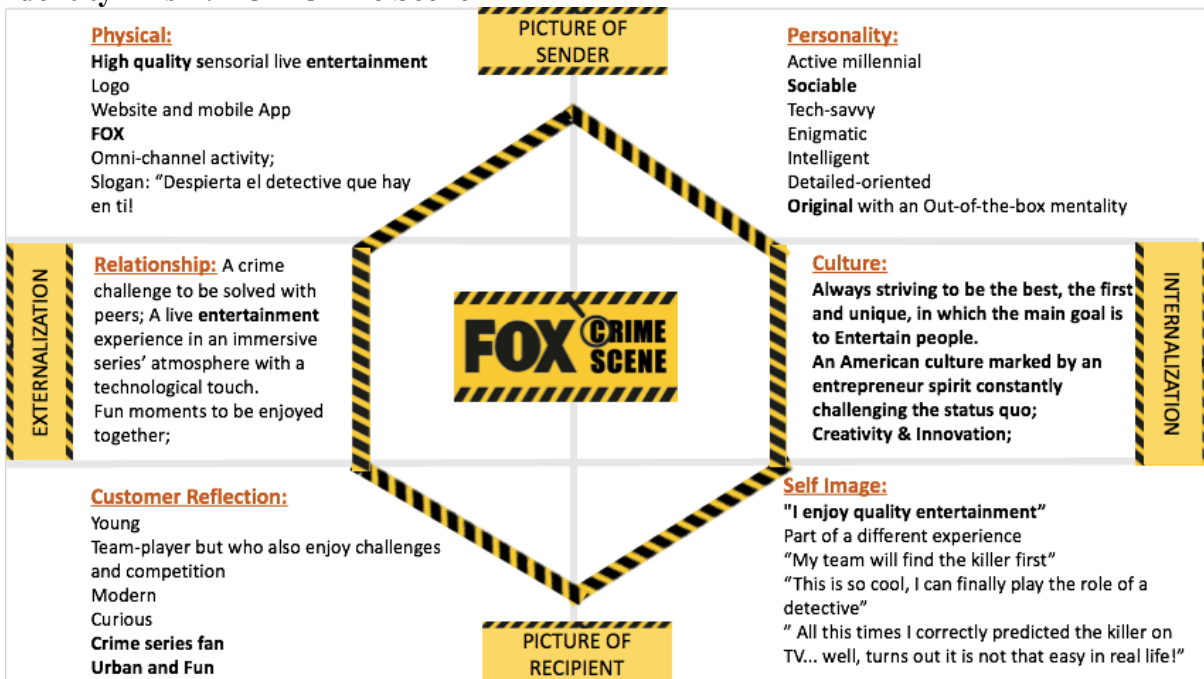
Identity Prism: FOX Fever: 'Family Guy' edition



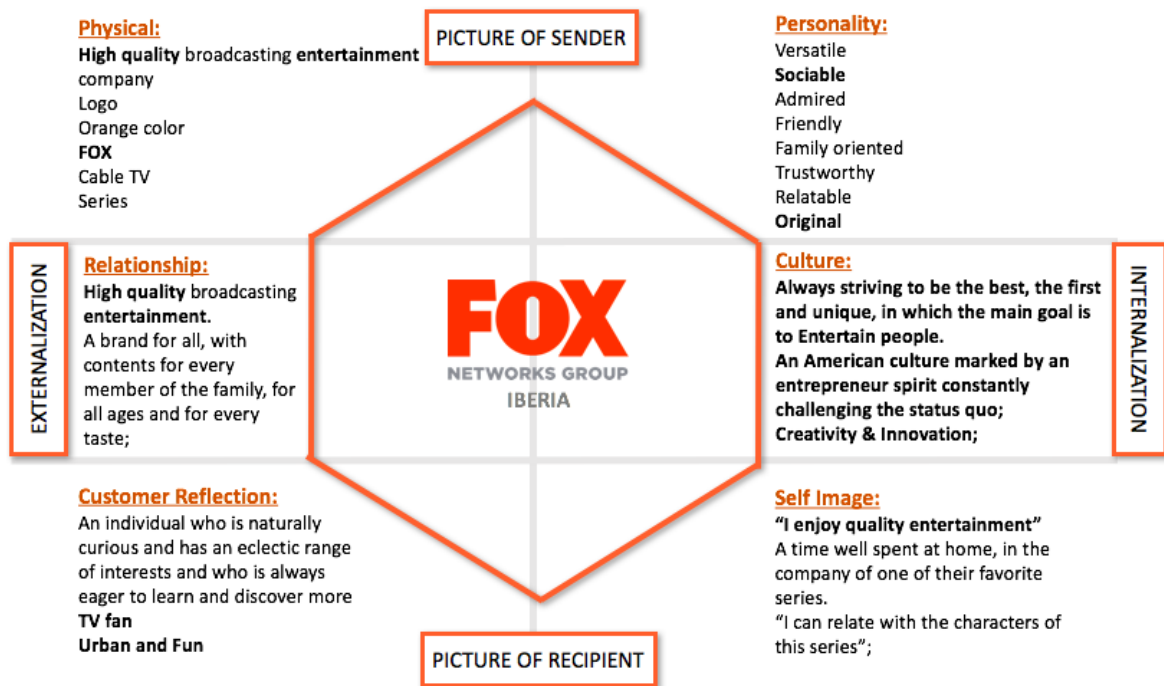
Identity Prism: FOX 'Prison Break' Bar



Identity Prism: FOX Crime Scene



Identity Prism: FOX Network Group



*Note: Words at bold illustrate similarities between the four identities.

Exhibit 4. Visual representation of the Websites and event Facebook page of the new business models



ABR
5 FOX Fever: Family Guy Edition

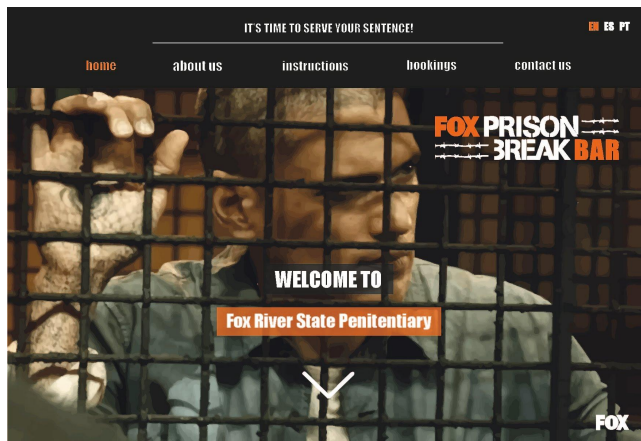


Exhibit 5. Service and Product Assortment: FOX Crime Scene – Visual representation of the mugshots



Exhibit 6. Roadmap to the future

Road map to the future – FOX Fever Editions



Road map to the future – FOX Pop Up bar



Road map to the future – FOX Crime Scene

