

IMPACT OF PARENT BRAND ON THE ACCEPTANCE OF THEIR BRAND EXTENSIONS

By

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Abstract

Purpose- Major aim of this study was to evaluate the impact of parent brands on their brand extensions.

Methodology/sample- The study involved use of questionnaires filled by 300 respondents. The respondent individuals belonged to different age groups, social classes and areas of residence. To analyze the data, ANOVA test was applied.

Findings- our research shows that respondents agree with the fact argument that there is a significant relationship between brand extensions on parent brand. The selected variables for the research are Brand Familiarity, Brand Awareness, Brand Extension, Brand Attitude and Brand image however, other than Brand Attitude all the other variables proved to have a significant impact on Parent Brand Image.

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CHAPTER 01 INTRODUCTION

1.0.Introduction

A brand is the name associated with one or more items in a company's product line that is used to identify the source or character of the item. A brand extension strategy is any effort used to encourage generalization (Kotler, 1988). For example, if Colgate is known as a producer of high quality toothpaste, then that perception of quality is thought to extend to other products sharing that name such as Colgate toothbrushes. Similarly, by adopting the advertising slogan of "With a name like Smucker's, it has to be good," the producer promotes generalization by persuading consumers to associate goodness not just with the jams, jellies and preserves for which it is best known, but for all of the packaged goods bearing the Smucker's brand name.

Marketers often favor introducing brand extensions as a means of achieving growth and capturing market share (Kotler, 1988). Brand extensions represent an attractive means of market entry to companies seeking to lessen the risks of failure associated with new product introductions. Brand extensions are also used to decrease distribution channel costs and improve advertising and promotional efficiencies (Aaker and Keller, 1990). A firm's core brand is the product or suite of products that embody the brand's promise. Most often, they are the members of product lines that enjoy the highest level.

Brand and line extensions comprise over 70% of the product launches each year (Buday, 1989), ascertaining the critical factors associated with their commercial success has been the subject of much academic research and managerial attention. Previous research on brand extensions has focused on the roles played by: (1) closeness of fit to the core brand (2) effects of brand extension on core brands (3) brand portfolio characteristics (4) risk reduction (5) advertising and (6) ownership

Effect. Despite the above plethora of research on brand extensions, the research would be examining the impact of Parent brand on their brand extension.

1.1. Background

In order to survive in the increasing neck breaking competition in the global market, many businesses are now aiming to isolate from the competitors so that they can take advantage of different opportunities, growth and survival. In order to compete in such a dynamic and competitive environment, companies should focus on lowering the marketing cost and introducing strong brands in the market in response to their competitors. The brands cannot be measured by their competitive advantage to their competitors, but the opportunities that are available for the brand in the future market.

New markets are easily reachable through the old brand if this strategy is implemented, this strategy can reduce the cost of a product if being failed to market as well as the cost of introducing new product in a new market, so this strategy known as the brand extension strategy is widely followed by many businesses. Based on the perception and judgment of the consumer, the failure and the success of the product is based. The extension of brand is perceived by the evaluation of consumer belongingness to the category it is existing. So the behaviors as well as the beliefs are all transferred into new product from the parent brand.

The brand extension is good when the brand that is to be extended is supporting the expansion; the brand is strengthened through this type of expansion. Whereas on the other hand, such strategies can also create negative impact on the dilution of the root cause of the image of parent brand. In order to create a new brand, there is a lot of investment in it, so brand extension can significantly reduce that cost and many businesses are implementing this strategy to introduce themselves into the new markets. Many researchers have made researches in how to implement brand extension strategy. In the researches, the main concern is of how the consumer thinks of that particular brand

and what is the overall image of that brand in the market. Two types of brand extensions exist, the first type of brand extension is within the product line and the second type of brand extension is outside of the product line.

There is another type of brand extension, which is brand stretching, in which the well-known brand names promote their services and products in the fields that are unrelated. Many businesses in the last decade have used this brand stretching strategy to further influence the brand equity. Oxford dictionary quoted that the reason why businesses implement brand extension is because they just want to increase their sales using old trademarks or brand names that are already established. In order to create a different product category, this brand extension strategy is implemented. Nowadays businesses usually use the current name of the old brand with a different kind of a product using brand extension. The asset of the business is its brand, and mostly businesses use the good old name to make cash and gain loyalty of the customers 'using the same old brand name. In this research we will examine the impact of extension of brand on the image of a product brand. In consideration of the benefits of the strategy of brand extension, in the organization or any business, a relevant literature review is presented in the section followings, from the point of view of decision making of consumer to branding is shown in order to make the hypothesis with a discussion in details in order to test the hypothesis.

1.2.Problem Statement

The introduction of new products has always been a popular strategy for firms that seek growth. This strategy is, however, fraught with risk, with the biggest risk being an unreceptive market. In the last two decades, a number of factors such as slower economic growth, the burgeoning cost of new product introductions, and a spurt in competition have increased the risk (Tauber 1981). In such an environment, new product failures are rampant; a recent estimate suggests that 90% of new

products are withdrawn from the market within the first two or three years (Pereira 1991). An important question in marketing strategy, then, is how to reduce this risk of product failure.

One possible solution to the problem is to market the new product using a brand name that already exists and is well-known to consumers. This approach makes use of the equity existing in a brand name. Brand equity is a major factor behind the large sums of money paid for firms with well-known brand names in the rash of acquisitions and takeovers in the 1980's. For example, Philip Morris paid \$11.6 billion for Kraft, a corporation whose value was assessed by accountants at only \$1.3 billion (Laderman 1989). The underlying assumption behind such high-priced acquisitions is that the acquired brands would continue to generate stable cash flows and steady growth. Examples of line extensions include Cherry Coke, Liquid Tide, and Miller Lite.

1.3. Research Questions

To discover the influence of brand extension on the image of product brand, also to determine what is the impact of extension strategy on the image of the brand.

1.4. Research Objectives

- 1 To study the influence of product image on consumer attitude.
- 2 To explore the impact of product image on brand awareness.
- 3 To determine the association between extension strategies and brand familiarity.
- 4 To identify how the quality is perceived of a product role play for a successful extension.
- 5 To identify the role of product image on the brand extension.

1.5. Significance of Research

The finding would be useful for both academics and marketers. As will be discussed, the knowledge gap that my study helps to close had been identified in the previous academic research on brand extensions as being a legitimate area of scholarly inquiry. Without any statistically valid

data to provide insight, the answer to my research question had been left to hunch and conjecture. Prior to my study's completion, marketers could not confidently adopt or reject a marketing strategy that assumed consumers with usage experience with a core brand would be more predisposed to trial and purchase the core brand's extension. The results of my study arm marketers with reliable information to assess this dynamic, and allow for wiser allocation of marketing budgets. This will permit managers to allocate company resources more effectively, sharpen their focus on target markets and earn higher returns on their investments of marketing dollars

1.6.Scope of Research

This research work is helpful and important for those businesses who are looking to implement brand extension strategy on any of their brand on the basis of its characteristics. This research is a necessity for all the companies who look forward to implement brand extension. Companies carefully examine the market and then implement this strategy.

1.7.Thesis Outline

The next chapter, Chapter 2, develops the theoretical background for this study and discusses the research questions of interest in this study. In Chapter 2, a model of the extension evaluation process is developed and hypotheses concerning the operation of the model in the different involvement situations are offered. Chapter IV deals with the methods used in the study. In Chapter V, the results of the study are reported and discussed. Chapter VI summarizes the findings of the study, draws conclusions and discusses the theoretical and managerial implications of its findings.

CHAPTER 02 LITERATURE REVIEW

In this chapter, research in the area of brand extensions is first reviewed. This exercise, by identifying the important constructs in the area and their relationships, serves as the basis for the theoretical development of the research questions in the later sections of this chapter.

A brand extension strategy is any effort used to encourage generalization about a brand's promise to products that lie outside the extended brand's product category. Six areas of the literature are discussed, including: (1) fit between core brands and their extensions; (2) effects of brand extension on core brands; (3) brand portfolio characteristics; (4) risk reduction; (5) advertising; and (6) ownership effect.

2.0. Brand Extension

Brand extensions have been extensively marketed in the last decade, research on this phenomenon has been lacking until very recently. One early experimental effort to understand how brand extensions are evaluated was conducted by researchers at the University of Minnesota Consumer Behavior Seminar (1987). Using a hypothetical brand of calculators, the researchers manipulated affect toward that brand by manipulating the quality of the product line, and then observed its impact on affect toward a range of extensions. They observed that affect toward the brand had a direct and positive relationship with affect toward an extension. MacInnis and Nakamoto (1991), using hypothetical extensions of well-known brands as stimuli, found that parent brand affect as well as the extent of symbolism of the parent brand (use of the brand for prestige reasons or self-expression) had direct, but marginal influence on affect for the extension.

Determining the identification number and the name of a product is a very important process, while forming a strategy for the product businesses usually follows these two things. It is already understood by the companies who are manufacturing that the main source of power is their product brand received from the market. The Association of American Market has defined brand as a phrase

or word, name, a design symbol or might be a combination of all these that is made in a way that their product is easily distinguished from the product of their competitor. In order to implement brand extension, there should be a successful image of that brand that is being used for the new product in the category. There are a variety of methods through which businesses use the strategy of brand extension. Through horizontal extension and vertical extension, brand extension can be implemented. These are the two methods that are used in different scenarios by the businesses.

In horizontal brand extension, the extension is made in the parent brand to the same category of product which is the same product. The second type of extension that is the vertical extension is the extension in which the business introduces a new product in the market, based on the quality and price compared to the products of their competitors.

Brand extensions by the businesses are usually easily accepted by the market and there is a low risk factor involved in the failure of it. Any sort of brand extension or product extension occurs when the business uses the name that is already established and accepted in the market. Whereas line extension is occurred when the company when the business want to introduce some new flavors or size. There could be two different directions of the brand extension, vertical extension or horizontal extension. Horizontal extension is the type of extension in which the name of existing product is utilized into the same class of the product or in category. Whereas in the same category, when a new product is to be introduced, this is vertical extension, here the prices and the quality of the product is somehow different. If this process is done in a wrong manner, serious kind of damage, can cause to the parent brand, which can become challenging for the company to overcome such damage that is caused by the brand extension. Today, only the well managed and thinkable brands are successful because of the tough competition.

Brand are the thing that attach with the minds and emotions of the people because people give more importance to the brands as compare to any other thing (franzen and Bouwman 2001).Brand

extension is depends on the fitness of parent brand and extended brand. If new brand is close to the existing brand then there is a lot of chances that new product may be successful and survive. If new product is at distance of the parent brand then the chances of failure are increased (Aaker and Keller, 1990; Broniarczyk and Alba, 1994; Boush and Loken, 1991; Park et al., 1991). First time on the topic of extension brand dilution on parent brand an empirically research conducted by Romeo (1991).

According to Loken and Roedder-John, (1993) researchers suggest that there is lesser or no impact of bad extension on the parent brand, and on the other hand some researchers suggest that it can cost the parent brand to be affected if the brand extension is not done successfully. Companies use that strategy to decreases the risk of product failure after lunching (Loken and Roedder-John, 1993).

2.1.Consumer Attitudes

According to Lassar et al. (1995) define the consumers' perception of the overall superiority of a product carrying that brand name when compared to other brands. Five perceptual dimension of brand equity includes performance, social image, value, trustworthiness and attachment. The assessment of consumers is very important because the researchers believe that the attitude of consumers is the main factor for the successful implementation of brand extension and success of the brand (Boush and Loken, 1991). In addition, the attitude of consumers to expand is a need to create brand value (Pitta and Katsanis , 1995). Attitude is defined as a cognitive state that is reflected in many aspects and makes the consumer preference given to a product or brand. In other words the attitude of consumers to new products and extensive brand is the perception of consumers about the brand and new product (Wilkie 1994). Consumer attitudes to extend the influence of variables such as perceived fit between a brand and its products and new product that are related to parent brand (Martinez and Pina, 2009).

According to Martinez and Pina (2003) there is a very positive effect of brand extension on the brand as well as a negative effect that is umbrella brand. While in the strategic extension of the brand there is a very important impact of the quality of the brand, which can significantly impact the purchase of the brand resulting in higher profits for the business. Familiarity and brand appreciation is a crucial task for inventory

Extensions and their market reactions are found to be connected with associating the product with a natural product, so that the prospects of growth can be improved. The brand picture is likely to be an extension, being less specific and more general product. The comparison of product level similarity and the concept of brand consistency revealed that the ability to increase the brand's prestige is found higher if the similar product is low. Virtual chips have also been used by many researchers. During the year 1993, brand image was defined by Keller (1993) as "the perception of the consumer that remains always in the minds, which are generated after using the brand and are very strong". Many expenses are saved if the extension of the brand is successful like risk of introducing new product in the market and the advertising and marketing expenses (Srivastava and Shocker 1991).

2.2.Brand Awareness

The key to success in today's competitive market place is to offer a product or service with high quality. Also it has been observed that customers share their experience of the product they used; it can be good or a bad experience. According to Angelova et al, (2011) a good experience is shared with 6 to 7 people about the product or service, whereas a bad experience is shared more, probably with 10 to 15 people that can create a negative impact on the whole market eventually. The quality that is perceived by the consumer is playing a very crucial role in the development of a product in the new market. Companies should make strategies in which their consumers of the product or service should be positive, because once the customer makes a purchase with a product, so he will continue to buy it as soon as there is some competitor in the market with the same product offering

a higher quality under the same price, so the most important task for any of the organization is to create a positive brand awareness of their product. Offering a new service in the market can be a good idea or it can turn a bad idea when the expectation is not met according to the wants and needs of the customer.

According to Bottomley and Holden, (2001) Gronhaug et al., (2002) showed a positive relationship between quality and success of the perceived brand extension. Rao et al. (1999) said that the perceived quality of the parent brand transferred to new products. In a recent article in which Völckner, (2010) he said that the perceived quality is the key factor for the success of brand extensions.

2.3.Brand Familiarity

The quality that is perceived by the consumer is found to be a factor that is determining in the brand extension assessment. The category knowledge is compared by the consumers in regard to the characteristics, so the product that is having a high in similarity index is found favorable amongst the consumers to the parent brand.

Keeping the features of the product as the basis, similarity of new products and the current category is called the similarity. The studies that are related to consumers suggest that similarity in the new product or in the current category will lead to the negative as well as positive response from the consumers. If there is high similarity rate then there are more chances that the product that is been extended will produce more positive results from that market. Nowadays to get more profit out of the product and reduce the risk of failure in introducing new products in the market, much of the organizations in the market are now using brand extension strategy for growing more profitability into the business. Companies and big organizations are introducing their current product line into the market, this reduces their cost of cost of marketing that is require for the new product, as the current product line does not requires more marketing as the product is already know by the

consumers, also the effectiveness and efficiency of the product is increased and people are more likely to accept it.

2.4. Why Brand Extension Works

Aaker and Keller (1990) contend that brand extensions would succeed when 1) consumers have favorable attitudes and beliefs about the original brand, The transfer of positive parent brand attitudes to an extension has been reported in recent empirical research (University of Minnesota Consumer Behavior Seminar 1987, MacInnis and Nakamoto 1991).

In addition, Tauber (1981) proposes that for an extension to succeed, consumers must be able to regard an extension as consistent with their knowledge of the brand and perceive similar benefits in the extension that they associate with the brand. The notion of fit or consistency is crucial to extension evaluation, and recent empirical studies have found that perceptions of fit influenced extension evaluation.

A brand extension strategy leverages the firm's intangible, yet perhaps, most valuable assets: its brand name (Tauber 1981, 1988). In other words, it capitalizes on consumer awareness of the brand name, and the affect, beliefs, impressions, or other associations that consumers have come to identify with a brand over a period of time.

Extensions have particular relevance in today's market where the clutter makes name recognition extremely valuable; lack of name recognition was cited as the most frequent cause of new product failure (Pereira 1991). Another important benefit associated with the use of an existing brand name in marketing a new product is that the costs of introducing a product, which are typically in the range of \$50 million to \$150 million (Brown 1985, Tauber 1988), can be minimized. In addition, an extension can have a positive synergistic effect on the whole brand line (Tauber 1981).

However, despite these potential problems, it appears that marketers are increasingly adopting this strategy. Over one-half of new products introduced in the 1980's were extensions of established brands (John and Loken 1990). Given the use and importance of extensions, and the related costs and benefits, it is essential that managers understand the basis behind consumer evaluation of extensions (Leuthesser 1988, MacInnis and Nakamoto 1990).

Hypothesis

H1: Customer Attitude has some effect on Parent Brand after extension

H2: Brand Familiarity has some effect on Parent Brand after extension

H3: Brand Awareness has some effect on Parent Brand after extension

H4: Brand Extension has some effect on Parent Brand after extension

H5: Product brand image has some effect on Parent Brand after extension

CHAPTER 03 RESEARCH METHODOLOGY

In this chapter the method used to conduct the study is discussed.

3.0. Research Design

In this research, the quantitative method has been implemented. Which will base on some structured naire that are made by us. The method of quantitative research has been selected because there is past research already made on this topic. Cross-sectional survey method is used.

3.1. Data Collection Method

The relationship between pricing strategy and customer value will be explored using close-ended questionnaires, which are the source to collect the data.

3.2. Sample Size

The sample size of this research is 200 respondents, all the respondents who will fill the questionnaire are from different geographical location of Karachi, Pakistan.

3.3. Sampling Technique

For the process of sample selection, the probability design method will be used using the random selection technique. Also the respondents who will be filling the questionnaire will be on the basis of randomization. There would be equal participation of every respondent in this research.

3.4. Questionnaire

The following variables will be studied in our research which is based on general research articles, in which the impact of each variable will be described in the following diameter.

3.5. Theoretical Framework

Theoretical framework is defined after the completion of literature review which will be consisting of different variables. Only the loyal customers of the brands are considered for the survey in this research. In this research, we will be examining the impact of brand extension of different brands and what is their impact on the parent brand. Following variables have been considered in order to conduct this research.

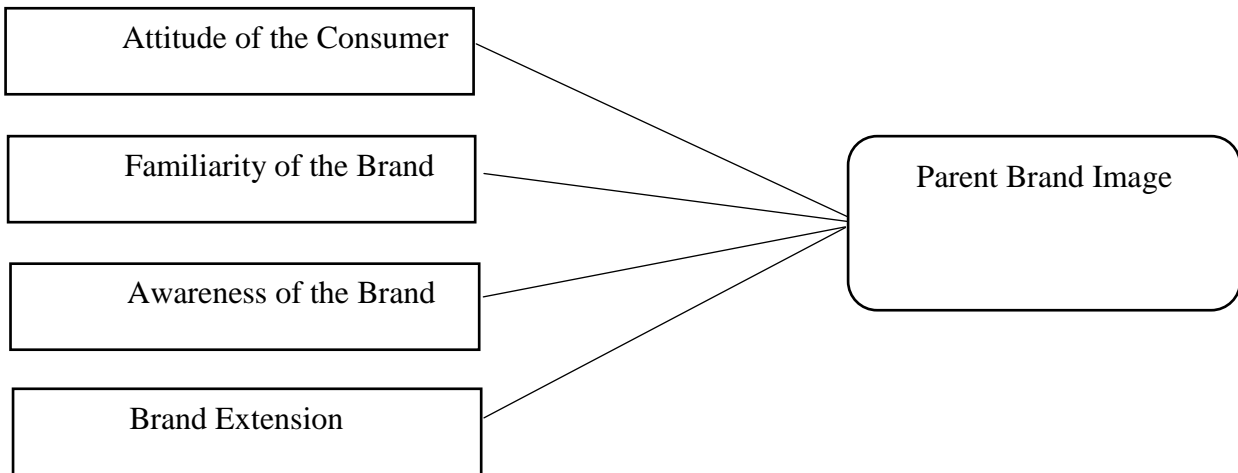
Independent Variable:

- Attitude of the consumer
- Familiarity of the brand
- Awareness of the brand
- Brand extension

Dependent Variable:

- Image of the Parent brand

Schematic Diagram



CHAPTER 04 DATA ANALYSIS

4.0.Introduction

This chapter reports the results of the study, and discusses the results. The chapter defines means and standard deviation under ‘Descriptive Analysis’. The descriptive statistics for these variables and the correlations among these variables suggested the research outlook. Based on the relationships observed for each variable, a set of observations will be sorted and identified in the next section compares it across the brand extensions in the study. In conclusion, important findings of the study are summarized.

4.1.Descriptive Statistics

The data used to develop and test the model of the brand extension process were collected through a survey as detailed in Chapter 3 for all the observed variables, which serve as the indicators or measures of impact of brand extension on parent brand. The means and standard deviations for all the variables for all brands were first examined to get a preliminary idea of the distribution of the variables across the extensions. These means and standard deviations are reported in Table 01.

	N	Minimum	Maximum	Mean	Std. Deviation
Consumer Attitudes	120	2.5	4.7	3.5493	0.40736
Brand Familiarity	120	2.5	4.7	3.613	0.42111

Brand Awareness	120	2.5	4.7	3.7547	0.38743
Brand Extension	120	2.5	4.7	3.7852	0.49173
Brand Image	120	2.5	4.7	3.911	0.46168
Valid N (list wise)	120				

Table 1: Descriptive Statistics Table

4.1.1. Customer Attitude

The table 1 shows the minimum value for Consumer Attitude as 2.50 chosen by the survey respondents while the maximum value is 4.50 having a mean value of 3.5493. This indicates that all the survey respondents are agreed at a standard deviation level of 0.40736.

4.1.2. Brand Familiarity

The table 1 shows the minimum value for Brand Familiarity as 2.50 chosen by the survey respondents while the maximum value is 4.50 having a mean value of 3.613. This indicates that all the survey respondents are agreed at a standard deviation level of 0.42111.

4.1.3. Brand Awareness

The table 1 shows the minimum value for Brand Awareness as 2.50 chosen by the survey respondents while the maximum value is 4.50 having a mean value of 3.7547. This indicates that all the survey respondents are agreed at a standard deviation level of 0.38743.

4.1.4. Brand Extension

The table 1 shows the minimum value for Brand Extension as 2.50 chosen by the survey respondents while the maximum value is 4.50 having a mean value of 3.7852. This indicates that all the survey respondents are agreed at a standard deviation level of 0.49173.

4.1.5. Product brand image

The table 1 shows the minimum value for Brand Image as 2.50 chosen by the survey respondents while the maximum value is 4.50 having a mean value of 3.911. This indicates that all the survey respondents are agreed at a standard deviation level of 0.46168.

		Customer Attitude	Brand Familiarity	Brand Awareness	Brand Extension	Brand Image
Customer attitude	Pearson Correlation	1	.0335 ^{**}	.0285 ^{**}	.037	.051
	Sig. (2-tailed)		.000	.001	.491	.442
	N	120	120	120	120	120
Brand familiarity	Pearson Correlation		1	.557 ^{**}	.376 ^{**}	.412 ^{**}
	Sig. (2-tailed)			.000	.000	.000
	N		120	120	120	120
Brand Awareness	Pearson Correlation			1	.512 ^{**}	.476 ^{**}
	Sig. (2-tailed)				.000	.000
	N			120	120	120
Brand Extension	Pearson Correlation				1	.503 ^{**}
	Sig. (2-tailed)					.000
	N				120	120
Brand Image	Pearson Correlation					1
	Sig. (2-tailed)					
	N					120

Table 2: Pearson Correlation Table

** . Correlation is significant at the 0.01 level (2-tailed).

4.2. Customer Attitudes

4.2.1. Relationship between Customer Attitude & Brand Familiarity

The Table 02 defines the correlation among the variable Customer Attitude and Brand Familiarity which is 0.335. This value shows that there exists a weak but positive relationship among the above

said variables. This certainly means that if there is a change occur in customer attitude a change will also occur in Brand familiarity. The table indicates that a change in one variable will also bring change in another variable in the same direction however, the intensity will be low.

4.2.2. Relationship between Customer Attitude & Brand Awareness

The Table 02 defines the correlation among the variable Customer Attitude and Brand Awareness which is 0.285. This value shows that there exists a weak but positive relationship among the above said variables. This certainly means that, if there is a change occurs in customer attitude a change will also occur in Brand Awareness. The table 02 indicates that a change in one variable will also bring change in another variable in the same direction however, the intensity will be low.

4.2.3. Relationship between Customer Attitude & Brand Extension

The Table 02 defines the correlation among the variable Customer Attitude and Brand Extension which is 0.412. This value shows that there exists a weak but positive relationship among the above said variables. This certainly means that, if there is a change occurs in customer attitude a change will also occur in Brand Extension. The table indicates that a change in one variable will also bring change in another variable in the same direction however, the intensity will be low.

4.2.4. Relationship between Customer Attitude & Brand Image

The Table 02 defines the correlation among the variable Customer Attitude and Brand Image which is 0.51. This value shows that there exists positive relationship among the above said variables. This certainly means that, if there is a change occurs in customer attitude a change will also occur in Brand Image. The table indicates that a change in one variable will also bring change in another variable in the same direction however, the intensity will be medium instead of being low as in other cases.

4.3.Brand Familiarity

4.3.1. Relationship between Brand Familiarity& Brand Extension

The Table 02 defines the correlation among the variable Brand Familiarity and Brand Extension which is 0.557. This value shows that there exists positive relationship among the above said variables. This certainly means that, if there is a change occurs in Brand Familiarity a change will also occur in Brand Extension. The table 02 indicates that a change in one variable will also bring change in another variable in the same direction however; the intensity will be medium instead of being low as in other cases.

4.3.2. Relationship between Brand Familiarity& Brand Image

The Table 02 defines the correlation among the variable Customer Attitude and Brand image which is 0.376. This value shows that there exists a weak but positive relationship among the above said variables. This certainly means that, if there is a change occurs in customer attitude a change will also occur in Brand image. The table indicates that a change in one variable will also bring change in another variable in the same direction however, the intensity will be low.

Familiarity and Brand image

Table 02 tells us that if we make the change in one variable value then there is negative change in the other variable's value.

4.4.Brand Awareness

4.4.1. Relationship between Brand Awareness & Brand Extension

The Table 02 defines the correlation among the variable Brand Familiarity and Brand Extension which is 0.512. This value shows that there exists positive relationship among the above said variables. This certainly means that, if there is a change occurs in Brand Familiarity a change will also occur in Brand Extension. The table indicates that a change in one variable will also bring

change in another variable in the same direction however; the intensity will be medium instead of being low as in other cases.

4.4.2. Relationship between Brand Awareness & Brand Image

The Table 02 defines the correlation among the variable Brand Familiarity and Brand Image which is 0.476. This value shows that there exists a weak but positive relationship among the above said variables. This certainly means that, if there is a change occurs in Brand Familiarity a change will also occur in Brand Extension. The table indicates that a change in one variable will also bring change in another variable in the same direction however; the intensity will be low.

4.5. One way ANOVA Testing

		Sum of Squares	Df	Mean Square	F	Sig.
Customer attitude	Between Groups	.980	2	.490	2.985	.051

	Total	56.935				
	Total	57.915	349			
Brand familiarity	Between Groups	.226	2	.113	.637	.041
	Within Groups	61.664	347	.178		
	Total	61.890	349			
Brand awareness	Between Groups	1.126	2	.563	3.810	.023
	Within Groups	51.261	347	.148		
	Total	52.387	349			
Brand extension	Between Groups	1.620	2	.810	3.395	.034
	Within Groups	82.769	347	.239		
	Total	84.389	349			
Image	Between Groups	1.920	2	.960	4.598	.013
	Within Groups	72.469	347	.209		
	Total	74.390	349			

Table 3: One Way ANOVA Table

4.5.1. Customer Attitudes

The table 3 shows results significance and insignificance. Customer Attitudes results shows insignificant because its Sig. P value is 0.051 which is greater than 0.050. From the Sig value it can be concluded that the Null hypothesis for customer attitude is accepted.

4.5.2. Brand Familiarity

According to the table Brand Familiarity's Sig. P value is 0.041 which is again less than the 0.05. This means that the alternate hypothesis got accepted.

4.5.3. Brand Awareness

According to the table Brand Awareness Sig. P value is 0.034 which is lower than 0.05 this null hypothesis is rejected while the alternate got accepted.

4.5.4. Brand Extension

According to the table Brand Extension's Sig. P value is 0.034 which is lower than 0.05 this null hypothesis is rejected while the alternate got accepted.

4.5.5. Brand Image

According to the table Brand Images' Sig. P value is 0.012 which is lower than 0.05 this null hypothesis is rejected while the alternate got accepted.

4.6. Review of Hypothesis

Variable	Hypothesis	Result
Customer Attitude	H1: Customer Attitude has some effect on Parent Brand after extension	Rejected
Brand Familiarity	H2: Brand Familiarity has some effect on Parent Brand after extension	Accepted
Brand Awareness	H3: Brand Awareness has some effect on Parent Brand after extension	Accepted
Brand Extension	H4: Brand Extension has some effect on Parent Brand after extension	Accepted
Brand Image	H5: Product brand image has some effect on Parent Brand after extension	Accepted

CHAPTER 05 CRITICAL DEBATE

5.0. Introduction

While parent brand attitudes and perceptions of fit are undoubtedly important in influencing the evaluation of an extension, there is no evidence that the process or mechanism of extension evaluation is similar across different evaluation contexts. Researchers contend that the extension

brand extension is an important strategy which multinational brands are frequently using in order to develop their image. They argue that the transfer of simple cues from the brand to the extension may be sufficient for extension evaluation in low involvement situations, whereas in high involvement situations, the evaluation process may be quite complex.

5.1. Research Analysis

From the research it can easily be analyzed that an extension, although a new product, is not entirely an unknown object: consumers are familiar with the attributes of the parent brand and have developed some affect toward it. An extension's relative novelty would suggest that the traditional model with its focus on the evaluation of attribute beliefs may adequately depict the process of extension evaluation. At the same time, consumers' propensity to categorize an extension as another product with a familiar brand name. On the initial exposure to a brand extension, consumers would not only infer the extension's attributes developed through their experience and knowledge which helps in making the brand extension strategy a successful one. In other words, one sequence in the extension evaluation process would be:

Beliefs about Attributes p_b \rightarrow $X_{bjeiext}$ \rightarrow Affect ext \rightarrow Purchase Intention ext_i

where the subscript p_b refers to a parent brand and the subscript ext refers to an extension, b_i is the extent of belief that the extension possesses attribute i , e_i is the evaluation of attribute i , and S_{bjei} is the cognitive structure of attributes obtained by combining the beliefs (b_i) with their evaluative aspects (e_i) in an additive, compensatory manner.

5.2. Critical Debate

This study also revealed that in the extension evaluation process, consumers' intentions to purchase extensions were guided not only by the affect for the extension, as suggested by theory, but also by the cognitive structure (Z_{bjei}) they had developed about the extension. Thus, it appears that consumers' knowledge of an extension's attributes, inferred from the parent brand, directly influences purchase intentions, in addition to its indirect effect on purchase intentions through the

formation of affect for the extension. Also noted was the substantial direct impact that parent brand affect had on the intention to purchase the extension, which again was in addition to its indirect impact through the development of affect for the extension. This is strong evidence that at least during the first-time evaluation of an extension, consumers' purchase intentions are dominated by the attribute and affective associations they have with the parent brand and the independent evaluation of the extension may not be as important.

According to Keller in (1993) the brand attitude may have negative effects on the image of parent brand. This is because customer's reaction can either be negative as it is dependent upon the perception they have of the parent brand. The result is same as of the findings from this research. Our research is also of the view as described by Keller (1993).

Klink; Smith, (2001)& Low; Lamb, (2000) all are of the view that brand familiarity have some significant impact on the parent brand image. This research also shows some significant impact of brand familiarity on Parent brand image. They are of the view that variation in brand image is dependent upon the brand familiarity.

Hawkins et al., (1998) researched on determining the image of brand and its impact on the extension and found out that there exists a significant relationship between them. The results of this research also show significance with our research.

Introducing a new product into the marketplace can be a risky and costly venture for companies. Indeed, according to Information Resources Inc. (IRI) (2003), the average introductory cost of a new product ranges from \$25 to \$50 million. It has been reported that as many as 90% of new products ultimately fail (Brand Strategy, 2004).

To mitigate the risk of new product failure (i.e. not succeeding in the marketplace), companies often offer a line or brand extension, capitalizing on the current brand image and stature in the market, as opposed to developing an entirely new product or brand.

CHAPTER 06 CONCLSUION & RECOMMENDATION

6.0.Conclusion

The first section of this chapter discusses the major findings emerging from this study, comparing it to the results of previous research, where applicable. The limitations of the study are next discussed, followed by the theoretical contributions and managerial implications of the study's findings. Possible directions of future research are suggested in the last section.

In conclusion, our research shows that respondents agree with the fact argument that there is a significant relationship between brand extensions on parent brand. The selected variables for the research are Brand Familiarity, Brand Awareness, Brand Extension, Brand Attitude and Brand image however, other than Brand Attitude all the other variables proved to have a significant impact on Parent Brand Image. The results are drawn from the SPSS analysis which aids in developing the correlation with other variables. The results show that. Overall the selected variables have a significant impact on brand image. The results are drawn from the help of a questionnaire distributed among the respondents.

6.1.Recommendations

The recommendations based on the research are as follows:

- Prior to the launch of brand extension the firm should estimate the risk of product line extension also. The reason is that most of the time the parent brand loses their brand identity after brand extension activity.
- Consumer feedback about the product extension is important because, it is the consumer which makes a brand successful.
- While brand extension activity is carried out by a firm the firm should embrace the factors affecting on it. The factors are important because it is a strategy which is not uniformed in all industries.

- Proper marketing activity along with the parent brand and its introduction would be marketed potentially so that customer might develop an intension while purchasing it. This develops the purchase intension of the brand among others.

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Questionnaire

Responses gathered in this survey will remain confidential. If anyone is not the user of the given networks are not eligible to fill this form. People other than Pakistan resident and below 18 will not be considered.

Details of respondent:

Gender: Male Female

Age Group: 20-25 26-30
 31-35 above 35

Profession/Occupation:

Student Employed
 Unemployed Part time

Please answer the questions in five possible responses:

SA: Strongly Agree

A: Agree

MB: May be

D: Disagree

SD: Strongly Disagree

No.		SA	A	MB	D	SD
1	Q: Do you think that Customer Attitude can enhance or degrade the brands image?					
2	Q: Is customer attitude can be used to enhance the image of a brand					
3	Q: Do you think that Parent Company go into brand					

	extension in order to take advantage of their Familiarity and image in the market?					
4	Q: Do you think that familiarity with a brand helps the customer in buying or even connecting the parent brand?					
5	Q: Do you think that Brand Awareness would have an impact on brand extension as well as it gives a recall to the parent brand also?					
6	Q: Is brand Awareness a tool used to give the parent brand a strong image after its extension into other brands?					
7	Q: Do you think that Customer perceives the brand extension activity as a sign of stability and quality for the parent brand?					
8	Q: Can Brand Extension at times saves the image and develop familiarity of Parent brand?					
9	Q: Do you agree with the argument that, Brand image is a signal for the customers that Parent brand was a success?					