Chapter III

Research Model
III. RESEARCH MODEL

The previous chapter gave a review of earlier researches conducted and gaps that existed in those researches. Accordingly in light of the above review and the discussion that followed the research deems that a study on factors determining consumer preferences for brand extensions is very much needed.

III.A. Need for the study

The past few years have seen the apparent triumph of the brand concept. Organisations have come to realize that brands are one of their most valuable assets. In an increasingly complex world, it is becoming difficult to make choices among the large number of options available. After globalisation assets, including brands are moving across the borders. The intensity and diversity of brands are challenging and forcing corporates and the society at large by making the consumer evaluation process more complex.

As competitive pressures on brand marketers keep mounting day by day, they seek to achieve growth by incurring the least possible costs especially when it comes to launching new products. One safe choice available to marketers is to launch new products under existing brand names, which they think will attract more consumers without much of marketing efforts. Hence an important goal of brand extension is to leverage an existing brand name so as to reduce the risk of new product launch.

Due to its high visibility and acknowledged prevalence, importance of using brand extension (using an established brand name for launching another product) as a
marketing strategy for introducing new products has been focused relatively little by researchers in the recent past, at least in the Indian context.

Brand extensions have only recently become prevalent and guidelines for brand extensions are still emerging. A flurry of academic research in the international scenario is providing some insight into the best of management practices for brand extensions.

Many dimensions have been identified to understand their influence on consumer choice and their preference formation towards extended brands.

The significant differences among those identified dimensions and also an analysis of the responses of the users was not fully exploited by the earlier researches. The factors determining the consumers’ choice also need more research attention.

Brand extensions have become the order of the day. More and more companies in various product categories are using Brand Extensions as a strategy to launch new products. We have seen a plethora of brands being extended into various product categories, especially in the post liberalization era which has also seen a rush of multinational brands into India. Marketing and Brand Managers may be looking for insights into what will make Brand Extensions succeed. A study on consumer preferences may go a long way in that direction.

Some of the studies, which were replicated in different countries, have given different results owing to cultural differences. Not many studies on this area have
been done in the Indian context. Due to the vast cultural differences between the western settings and the Indian settings, this study could lead to newer perspectives.

Earlier studies have been conducted predominantly in the western setting, with a majority of them done in the United States of America. Due to differences in attitudes, values, and behavior of consumers in the west and other countries such as a study on consumer preferences for brand extensions and their antecedents beyond the western experience would enable one to see patterns emerging in a country like India. A study on consumer evaluations in the Indian context may lead to newer perspectives to marketers.

A majority of the earlier researches have studied the effect of one or a few factors on extension evaluation. This study is different from the earlier ones as it tries to capture a combination of factors, which influence consumer preferences, which could help companies chart out strategies to successfully launch new products.

Earlier studies have tried to elicit consumer evaluations of brand extensions but not many have tried to study the differences in evaluations between user and non-users of brand extensions. This study tries to capture differences between users and non-users of brand extensions in terms of which factors influence and determine their preferences across various product categories. One method by which marketers try to increase sales volume is by attracting non-users of the brand and extensions while retaining existing users. This study will help marketers in drawing strategies to target both users and non-users.
A majority of the earlier researches have drawn samples from students only. However this may not reflect the market place correctly. Hence this study has respondents across various age groups and professions.

Past studies have not focused on the effect of experience (in number of years of using brand extensions) on consumer preferences. This study aims to bridge this gap.

III.B Statement of the problem

Post liberalization i.e. after 1991 India has seen rapid change in the market place. The number of brands available under various product categories has increased manifold. The arrival of international brands has again added to the choice available to consumers. There have been drastic changes in consumption patterns, thanks to the rising income levels. Apart from the arrival of new brands, extensions of existing brands into newer product categories. Brand extensions are not a recent phenomenon and has been the trend worldwide for quite sometime. The same applies to the Indian market also. Several factors have led to the necessity for brand extensions, the increased cost of promoting new brands and leveraging existing equity etc being the predominant ones. Therefore an understanding of the changes in consumer preferences and buying behaviour especially towards brand extensions will have significant implications for organizations that wish to capitalise on the equity of existing brands.
III.C. Significance of the study

India is making significant progress in economic development and this has led to a changing pattern of consumption among Indians. In this context managing brands in the marketplace has become very difficult and complex. So this study gains significance as the findings would reveal some of the important facets of consumer preferences for brand extensions. Secondly, firms would gain comprehensible understanding of the preferences for brand extensions and the influence of various factors on the same. In this context organizations could look at recasting their brand policies with an intention of making the most of brands, especially extensions. Accordingly this study would help organizations to develop and implement new branding and marketing strategies to succeed in the highly competitive market.

III.D. Research questions

The need for the study gives rise to three research questions that are to be investigated. They are,

1) Do users and non-users of extended brands differ significantly in their preferences towards brand extensions?

2) What is the relationship between the selected dimensions and consumer preferences for brand extensions?

3) Is there any significant difference between the users with various levels of experience (in number of years), on the selected dimensions?
Fig. 1. Research Model used in this study

- Cognitive Mechanism
- Quality of the parent brand
- Price of the extended brand
- Number of products associated with the parent brand
- Familiarity of the brand
- Fit between parent brand and extended
- Advertising impact
- Parent brand associations
- Product feature similarity
- Brand concept consistency

Consumer preferences for brand extensions
On the basis of the research questions raised a model was developed and this model consists of the selected dimensions.

**III.E. Objectives:**

Based on a thorough study of the factors determining consumer preferences for brand extensions described in the introduction chapter (chapter 1), the gaps that are recognized in the review of literature, the subsequent needs that are identified, and the model developed, the following objectives and hypotheses are formed.

1) To study whether there are any significant differences between users and non-users of brand extensions on the selected dimensions of consumer preference;

2) To establish a relationship between the selected dimensions and consumer preferences for brand extensions;

3) To examine whether there is any significant difference between the users with various levels of experience on the selected dimensions.

**III.E.1.a. Hypotheses**

To study the objectives listed above, the hypotheses are framed. Accordingly the first objective is studied based on the following hypotheses.
H1: There is a significant difference between the users and non-users of brand extensions on the selected dimensions.

H1a: There is a significant difference between the users and non-users of brand extensions on cognitive mechanism.

H1b: There is a significant difference between the users and non-users of brand extensions on quality of the parent brand.

H1c: There is a significant difference between the users and non-users of brand extensions on the price of the parent brand.

H1d: There is a significant difference between the users and non-users of brand extensions on the number of products associated with the parent brand.

H1e: There is a significant difference between the users and non-users of brand extensions on familiarity of the brand.

H1f: There is a significant difference between the users and non-users of brand extensions on fit between parent brand and extended brand.

H1g: There is a significant difference between the users and non-users of brand extensions on advertising impact.

H1h: There is a significant difference between the users and non-users of brand extensions on parent brand association.

H1i: There is a significant difference between the users and non-users of brand extensions on product feature similarity.

H1j: There is a significant difference between the users and non-users of brand extensions on brand concept consistency.

III.E.1.b. Hypotheses

The second objective was studied based on the following hypotheses.

H2: There is a positive relationship between the selected dimensions and consumer preferences for brand extensions.

H2a: There is a positive relationship between cognitive mechanism and consumer preferences for brand extensions.
H2b: There is a positive relationship between quality of the parent brand and consumer preferences for brand extensions.

H2c: There is a positive relationship between price of the extended brand and consumer preferences for brand extensions.

H2d: There is a positive relationship between number of products associated with the parent brand and consumer preferences for brand extensions.

H2e: There is a positive relationship between familiarity of the brand and consumer preferences for brand extensions.

H2f: There is a positive relationship between fit between parent brand and extended brand and consumer preferences for brand extensions.

H2g: There is a positive relationship between advertising impact and consumer preferences for brand extensions.

H2h: There is a positive relationship between parent brand association and consumer preferences for brand extensions.

H2i: There is a positive relationship between product feature similarity and consumer preferences for brand extensions.

H2j: There is a positive relationship between brand concept consistency and consumer preferences for brand extensions.

Consumer behaviour and preferences are dynamic in nature. Tastes and preferences keep changing over a period of time. These changes could be brought about by a lot of internal and external factors. One such factor which could influence consumer behaviour could be the person’s experience (in number of years) in using the extended brand. Do consumers change their preferences as time elapses or do they remain static is a question which could be of importance to marketers.
III.E.1.c. Hypotheses

Accordingly the researcher hypothesises as follows:

H3: Irrespective of the number of years of usage of extended brands, there is no significant difference among consumers towards their preference for brand extensions.

H3a: Irrespective of the number of years of usage of extended brands, there is no significant difference among consumers in their opinion towards cognitive mechanism.

H3b: Irrespective of the number of years of usage of extended brands, there is no significant difference among consumers in their opinion towards quality of the parent brand.

H3c: Irrespective of the number of years of usage of extended brands, there is no significant difference among consumers in their opinion towards price of the extended brand.

H3d: Irrespective of the number of years of usage of extended brands, there is no significant difference among consumers in their opinion towards number of products associated with the parent brand.

H3e: Irrespective of the number of years of usage of extended brands, there is no significant difference among consumers in their opinion towards familiarity of the brand.

H3f: Irrespective of the number of years of usage of extended brands, there is no significant difference among consumers in their opinion towards fit between parent brand and extended brand.

H3g: Irrespective of the number of years of usage of extended brands, there is no significant difference among consumers in their opinion towards advertising impact.

H3h: Irrespective of the number of years of usage of extended brands, there is no significant difference among consumers in their opinion towards parent brand associations.

H3i: Irrespective of the number of years of usage of extended brands, there is no significant difference among consumers in their opinion towards product feature similarity.

H3j: Irrespective of the number of years of usage of extended brands, there is no significant difference among consumers in their opinion towards brand concept consistency.
### III.E.2. VARIABLE MAP

<table>
<thead>
<tr>
<th>S.no</th>
<th>Objectives</th>
<th>Independent/grouping variable</th>
<th>Dependent/test variable</th>
<th>Statistical tools used</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To study whether there are any significant differences between users and non-users of the brand extensions on the selected dimension of consumer preferences.</td>
<td>User and non-user</td>
<td>The selected 10 dimensions</td>
<td>MANOVA</td>
</tr>
<tr>
<td>2</td>
<td>To establish a relationship between the selected dimensions and consumer preferences.</td>
<td>Cognitive mechanism, Quality of the parent brand, Price of the extended brand, Number of products associated with the parent brand, Familiarity of the brand, Fit between parent brand and extended brand, Advertising impact, Parent brand associations, Product feature similarity, Brand concept consistency</td>
<td>Consumer preferences</td>
<td>Multiple regression</td>
</tr>
<tr>
<td>3</td>
<td>To study whether there are any significant differences between the users with various levels of experience on the selected dimensions.</td>
<td>Experience level</td>
<td>The selected 10 dimensions</td>
<td>MANOVA</td>
</tr>
</tbody>
</table>