Chapter VI

Findings and Discussions
VI. FINDINGS AND DISCUSSIONS

VI.A. Findings

The introduction in chapter 1 provides a strong theoretical review on the factors that influence and determine consumer preferences for brand extensions. The objectives are studied by testing the collected data for statistical significance and/or insignificance.

Tables IV.A.1.a to IV.A.1.k and IV.A.2 present the results of the validity and reliability tests. Tables IV.A.1.a to IV.A.1.k. show that the items developed by the researcher are valid. Table IV.A.2. indicates that the scales are significantly reliable to capture adequate information required for this study. A noteworthy finding is the high reliability score for the composite scale developed by the researcher to measure consumer preferences for brand extensions.

Table V.1. presents the background characteristics and table V.2 the means, the standard deviation and the inter-correlations of the study variables. The respondents are of age 18 years and above, with at least an undergraduate degree as qualification, and belong to economically stable families (i.e. they have a steady monthly income). The respondents belong to various occupations.

Table V.2. presents the means, standard deviations and inter-correlations of the study variables. It is found that the means range from a low of 3.3 for the price of the extended brand to a high of 4.34 for quality of the parent brand. The standard
deviations of the variables which were measured on a five point scale appear to be slightly higher with factors like Preference for brand extensions reporting 0.76. The inter-correlations range from very low (e.g. 0.03 between usage and fit between parent brand and extended brand) to moderate values (e.g. 0.48 between parent brand association and brand concept consistency, and also between fit between parent brand and extended brand and parent brand association). However, clearly there is no multicollinearity, (the condition being, correlation=0.90, Malhotra 2004). The correlations are meaningful within the framework of the study. The sign of the coefficients are in the direction expected and provide support for the suggested linkages between the variables when viewed as simple associations. However the results of the multiple regression analyses is taken for discussing the hypotheses in the next section of this chapter because of its advantage over correlation in explaining the simultaneous effects of two or more variables in the model.

The results of the multivariate analysis of variance (MANOVA), shown in table V.3. show that use of brand extensions has significant main effects across the factors influencing consumer preferences for brand extensions. Subsequently, the examination of the univariate results in table V.4. and table V.5. indicate that cognitive mechanism, $F = 20.28, p = 0.000 (< 0.05)$; quality of the parent brand, $F = 16.50, p = 0.00 (< 0.05)$, price of the extended brand $F = 6.54, p = 0.01 (< 0.05)$, and parent brand associations $F= 4.74, p =0.03 (< 0.05)$, are statistically significant. Hence, 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 extended brand), and H1h (There is a significant difference between the users and non-users of brand extensions on parent brand associations) are supported.

As mentioned earlier, in view of the significant main effects of usage across the study variables it was decided to conduct multiple regression analysis for users and non-users separately, in addition to the overall respondents. Table V.6. presents the results of the multiple regression analyses that examine the influence of the selected factors on preferences for brand extensions. The table shows that four of the factors namely, cognitive mechanism ($\beta = 0.169; p = 0.012$), price of the extended brand ($\beta = 0.158; p = 0.027$), number of products associated with the parent brand ($\beta = 0.213; p = 0.001$), and parent brand associations ($\beta = 0.223; p = 0.006$), influence the preferences for brand extensions for users. For non-users, number of products associated with the parent brand ($\beta = 0.17; p = 0.006$), parent brand associations ($\beta = 0.359; p = 0.000$), and brand concept consistency ($\beta = 0.36; p = 0.000$), influence the preferences. For the overall respondents quality of the parent brand ($\beta = 0.123; p = 0.009$), price of the extended brand ($\beta = 0.130; p = 0.008$), number of products associated with the parent brand ($\beta = 0.217; p = 0.000$), parent brand associations ($\beta = 0.282; p = 0.000$), and brand concept consistency ($\beta = 0.282; p = 0.000$), are the influencing factors toward preferences for brand extensions. The results of the regression are as expected for users and non-users of brand extensions. Hence,
hypotheses H2a (There is a positive relationship between cognitive mechanism 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), and H2h (There is a positive relationship between parent brand association and consumer preferences for brand extensions) are supported for users. For non-users hypotheses H2d (There is a positive relationship between number of products associated with the parent brand and consumer preferences for brand extensions), H2h (There is a positive relationship between parent brand association and consumer preferences for brand extensions), H2j (There is a positive relationship between brand concept consistency and consumer preferences for brand extensions) are supported. For the overall respondents, the hypotheses 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), H2h (There is a positive relationship between parent brand association and consumer preferences for brand extensions), and H2j (There is a positive relationship between brand concept consistency and consumer preferences for brand extensions), are supported.

The results of the multivariate analysis of variance (MANOVA) in table V.7. show that level of experience (in number of years) has significant main effect across
the factors determining consumer preferences for brand extensions. Subsequently, the
eexamination of the univariate results in tables V.8. and V.9. indicate that quality of the
parent brand (F=3.02, p=0.007) and preference towards brand extensions are
statistically significant. Hence, hypotheses 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), 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), and 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) are supported, while hypotheses 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), and 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) are not supported.

Table VI.1. Summary of hypothesis testing

<table>
<thead>
<tr>
<th>Sl No.</th>
<th>Hypotheses</th>
<th>Result (S = Supported, NS = Not Supported)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>H1</strong>: There is a significant difference between the users and non-users of brand extensions on the selected dimensions.</td>
<td>S</td>
</tr>
<tr>
<td></td>
<td><strong>H1a</strong>: There is a significant difference between the users and non-users of brand extensions on cognitive mechanism.</td>
<td>S</td>
</tr>
<tr>
<td></td>
<td><strong>H1b</strong>: There is a significant difference between the users and non-users of brand extensions on quality of the parent brand.</td>
<td>S</td>
</tr>
<tr>
<td></td>
<td><strong>H1c</strong>: There is a significant difference between the users and non-users of brand extensions on the price of the parent brand.</td>
<td>S</td>
</tr>
<tr>
<td></td>
<td><strong>H1d</strong>: There is a significant difference between the users and non-users of brand extensions on the number of products associated with the parent brand.</td>
<td>NS</td>
</tr>
<tr>
<td></td>
<td><strong>H1e</strong>: There is a significant difference between the users and non-users of brand extensions on familiarity of the brand.</td>
<td>NS</td>
</tr>
<tr>
<td></td>
<td><strong>H1f</strong>: There is a significant difference between the users and non-users of brand extensions on fit between parent brand and extended brand.</td>
<td>NS</td>
</tr>
</tbody>
</table>
H1g: There is a significant difference between the users and non-users of brand extensions on advertising impact. NS

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

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

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

2. H2: There is a positive relationship between the selected dimensions and consumer preferences for brand extensions. For 1) Users S

2) Non-Users S

3) Overall S

H2a: There is a positive relationship between cognitive mechanism and consumer preferences for brand extensions. For 1) Users S

2) Non-Users NS

3) Overall NS

H2b: There is a positive relationship between quality of the parent brand and consumer preferences for brand extensions. For 1) Users NS

2) Non-Users NS

3) Overall S
**H2c:** There is a positive relationship between price of the extended brand and consumer preferences for brand extensions.  
For  
1) Users  
2) Non-Users  
3) Overall

**H2d:** There is a positive relationship between number of products associated with the parent brand and consumer preferences for brand extensions.  
For  
1) Users  
2) Non-Users  
3) Overall

**H2e:** There is a positive relationship between familiarity of the brand and consumer preferences for brand extensions.  
For  
1) Users  
2) Non-Users  
3) Overall

**H2f:** There is a positive relationship between fit between parent brand and extended brand and consumer preferences for brand extensions.  
For  
1) Users  
2) Non-Users  
3) Overall

**H2g:** There is a positive relationship between advertising impact and consumer preferences for brand extensions.  
For  
1) Users  
2) Non-Users  
3) Overall
H2h: There is a positive relationship between parent brand associations and consumer preferences for brand extensions.

For 1) Users  
2) Non-Users  
3) Overall  

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

For 1) Users  
2) Non-Users  
3) Overall  

H1j: There is a positive relationship between brand concept consistency and consumer preferences for brand extensions.

For 1) Users  
2) Non-Users  
3) Overall  

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.
VI.B. DISCUSSIONS

In the present study, the researcher has drawn from various theories to explore the factors influencing consumer preferences for brand extensions. The validity and the reliability tests indicate that the scales that are developed and used to measure the variables under study are applicable in the Indian context. The various hypotheses related to the study have been tested among consumers in the Indian context.

The discussion of the results that follow are predominantly organized around the differences between users and non-users, the factors that determine consumer preferences for brand extensions and also the experience level of users in using the brand extensions.

Firstly, the study reveals (from the MANOVA) that, there is significant difference between users and non-users of brand extensions on the following four factors namely, cognitive mechanism, quality of the parent brand, price of the extended brand and parent brand associations. For the remaining six factors there is no significant difference between them. A higher mean value for the four factors suggests that users lay more emphasis on these factors. The findings suggest that the difference among users and non-users differ in cognitive mechanism may be due to the modes of learning and sources of learning that happen to both. Since users have the advantage of having used and thereby experienced the product, their learning could vary from what non-users learn.
A careful examination of the mean value of Quality of the parent brand in terms of reliability, durability, serviceability, etc show that it is the strongest of all the study variables. It points to the importance given to the quality and indicates that if the quality of the parent brand is high the chances of acceptance of the brand extension are good. Both users and non users differ in their opinion towards price. Again since users may have purchased the extended brands themselves they tend to have a better idea about the price, though both may expect the price to be moderate.

The higher mean value for parent brand associations for users indicates that users are more influenced by these associations than do non users. This could be the result of users having higher number of associations than non users by virtue of the higher cognition arising from using the extensions. For non users these associations could be fewer in number and hence purchase influences could be lower.

The appreciable presence of Cognitive mechanism, Quality of the parent brand, Price of the extended brand, and Parent brand associations for users as represented by the mean values suggests that the process of evaluation is intense among users than non users. Users may subject newer products with the same brand name to a rigorous scrutiny than the non users, which leads to suggest that the level of involvement with brand extensions is higher for users than for non users.

The study reveals (from the regression) that users and non users are found to be influenced by different sets of factors for their preferences towards brand extensions. Users are influenced by Cognitive mechanism, Price of the extended
brand, Number of products associated with the parent brand and Parent brand associations. Users may have learnt more about brand extensions through various sources about than non users because they already may have got enough information through various sources before purchasing brand extensions, and also through the experience of using extensions. Cognitive learning also occurs through consumers' product experiences i.e. one learns more about a brand when he/she is using the brand. Learning also happens through vicarious consumer experiences i.e. when they see others using the product. The more consumers learn about products they add new meanings and beliefs i.e. when new information is received about brands/products it could augment or alter knowledge about them. This will lead to consumers forming newer meanings and beliefs out of the new knowledge structures (If possible you can be little more elaborate on the discussion of this result)

An interesting result is the negative influence between cognitive mechanism and preference towards brand extensions. This leads us to conclude that the more users learn about brand extensions they may probably be receiving differing opinions from various sources which could lead to the user being confused. This could also be a sample specific result where the users could have shifted to other brands.

The next factor that users consider important is the price of the extended brand. Since the Beta value is significant, users seem to judge a brand using price as an indicator and thus the price of the brand extensions is an influencing factor in consumer preference towards brand extensions. This is in line with earlier researches of Jun, MacInnis and Park, (2005), and Taylor and Bearden, (2002). This may be due
to the fact that consumers may have a reference price as a result of their knowledge arising out of using the parent brand and other sources of information. It is also an indicator that the Indian consumer is price conscious when it comes to buying products in general and brand extensions in particular.

Another factor that influences both users and non-users of brand extensions is the number of products that are associated with the brand. Many brands have a broad portfolio of products by extending to a variety of product categories. It may be argued that broad brands may be at a disadvantage in very attractive extension categories, i.e. in those categories that are similar to the ones of the brand's current products because of their diffused product associations, (Bousch and Loken, 1991, Ries and Trout1981). Consumers are likely to generalize the benefits associated with the similar, narrow brand than with the broad brand. If the brand's benefits are desirable in the extension category, consumers will prefer brands with more products associated with the brand. Many brands have acquired a variety of different associations through continuous extensions, promotional activity and consumer experience. Though brand managers would like to construct overlapping associations to reinforce the brands positioning it is rarely possible.

The favourability of consumers' opinion towards the brand is the most basic of all brand associations. If the brand is extended to a product of poor quality consumers may not opt to buy or repurchase it and this can lead to consumers' devaluation of the brand. As additional products are added to a brand the bond for quality increases as well as consumers acquire knowledge of the brand in multiple contexts and hence
greater will be the amount of data consumers have on the brand and greater should be their confidence in their brand associations. It can be said that the number of products affiliated the brand is positively related to consumer confidence and favourability of evaluations of the quality of an extension of the brand. Consumers may be more likely to have a positive feeling towards an object when they are exposed more frequently. As the number of products affiliated to a brand increases, consumers' exposure to the brand is likely to increase and thus may lead to positive feelings towards the brand. As additional products are added to a brand, the bond for quality may increase. Given this reasoning consumers are likely to place greater confidence in a brand that has higher backing, i.e. more number of products under its name. The above fact has been endorsed in this study, where users of brand extensions do give importance to the number of products associated with the brand.

The high value of the Beta coefficient for Parent brand associations supports the above statement that the favourability of consumers' opinion towards the brand is the most basic of all brand associations, and hence we conclude from our study that a) more the number of associations towards the parent brand the probability is that preference towards brand extensions will be more and positive, and b) the more positive the associations the better is the preference towards the brand extensions. Recently, the favourability of associations has been defined more in terms of the quality consumers' associate with the brand. The fact that parent brand association is an important factor for users in their preferences for brand extensions leads us to conclude that they are image conscious, since the sum of all the associations is what
we call brand image. The image consciousness may be an outcome of the learning that could have happened as a result of the consumers' cognitive mechanism.

The results demonstrate that whenever an extended brand is presented for evaluation non users appear to take into account brand concept consistency. Prior findings concerning extensions suggest that consumers react less favourably to brand extensions that lack fit with the brand concept than to those that possess the fit. Whether an extensions product is seen as consistent with the brand concept depends on how readily it can accommodate a brand name concept. This readiness in turn depends on consumers’ perceptions of whether the brand concept associations are relevant and/or desirable in connection with the extended brand. Our study supports this point for non users since they may be less knowledgeable about the brand or the company behind the brand, unlike users who may be more knowledgeable and could probably accept different product categories from the same brand. Non users prefer brand extensions which have a consistent brand concept with the parent brand. A strong beta coefficient for brand concept consistency indicates that non users are very particular about associations and expect brand extensions to also have the same associations. It is clear that they expect the associations to be common across all products and they would prefer extensions when the number of products associated with the parent brand is more.

The results (from the MANOVA) demonstrate that as the experience level (in number of years) of users of brand extensions increases the more they consider the quality of the parent brand as important. This is evident from the increasing trend in
the mean values for this factor. For the other factors there is no significant differences among users with differing experience levels, indicating that all users irrespective of their experience do not vary in their opinions.

In general a clear pattern of behaviour of Indian consumers is emerging. Indian consumers are highly concerned about the associations with the parent brand being consistent across more number of products under the parent brand. This is evident from the overall effects of the ten dimensions on preference towards brand extensions. However, they also seem to judge the brand extensions with due consideration given to the quality of the parent brand and price of the extended brand. The study also reveals that two factors i.e. number of products associated with the parent brand and parent brand associations are common influencing factors for both users and non users and thus is also present for the overall respondents.