Chapter VII

Implications and Directions for Future Research
VII. IMPLICATIONS, LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

VII.A. IMPLICATIONS

The study of the factors determining consumer preferences for brand extensions is an accumulated and simple evidence to show that it is an important and pervasive phenomenon. This study has important implications for organizations and has the potential to benefit them.

To understand consumers' preferences and behaviour marketers need to know what product and brand knowledge consumers have acquired and stored in memory. They may also wish to determine how consumers organize a product category and what types of knowledge are likely to be activated by particular marketing strategies. Hence an understanding of meanings that are activated when consumers are exposed to certain extensions is necessary. Cognitive learning often modifies the existing knowledge structures in memory.

The findings suggest several factors that need to be considered in managing brands, especially when it comes to launching brand extensions. A thorough understanding of consumer behaviour and preferences will go a long way in helping managers. A good understanding of the factors that influence consumers' preference
for brand extensions should at best help extensions succeed in the market and at worst not weaken the parent brand.

Some of the implications of the study with regard to users of brand extensions are discussed below.

Firstly, marketers need to understand that users and non-users of brand extensions significantly differ based on the factors which influence them. The findings suggest that extensions need to be addressed at users and non-users of brand extensions using different strategies.

Secondly, for users of brand extensions it may be advisable to provide necessary information by the marketer himself rather than letting the consumer gather information on his own since when this happens, the preferences are affected negatively. This is apparent from the negative correlation that cognitive mechanism has with preferences for users.

Price setting for the extended brand must be given due importance in order to attract potential consumers. This is suggested by the fact that users may have an expectation on the price and also judge a brand extension using price as an indicator. A value for money consciousness, and a largely price sensitive Indian market adds credibility to this finding. Higher priced brands may be associated with higher quality and also positive feelings resulting from non-attribute factors. Since reference prices
also play a role in consumer buying decisions marketers should suggest a higher reference price to enhance quality associations.

Third, with respect to the number of products associated with the brand, our findings show that there is a positive effect on consumer preferences for both users and non-users, which means that when more number of products are marketed under the brand the preferences towards brand extensions may be strengthened rather than weakening it. This is in line with the findings of Dacin and Smith, (1994). Hence marketers can consider having a portfolio of products under a brand but need to exercise caution against extending brands indiscriminately. They could do well to launch products from related categories first and slowly enter other categories as the brand gains acceptance.

Fourth, the study indicates that brand associations have a positive impact on preferences for brand extensions for both users and non-users. For users these associations could have come from various sources among which experiences could be a predominant factor. Hence on needs to create more number of favourable associations and then leverage these associations when launching extensions. The preferences are based on favourability, and importance of the associations that are created. These associations could act as purchase drivers. From the managerial perspective it is important to examine and understand associations with the parent brand. This could help managers in deciding whether to focus on functional attributes or symbolic associations. It could also be helpful to examine secondary associations which consumers may have formed about brands. This is to ensure that indirect
influences that certain associations create are given due consideration as these are not verifiable.

Marketers could try to build as many positive associations as possible at all points where the consumer comes into contact with the brand and the extension. As the number of positive associations increase the memory structure gets richer and will lead to higher brand equity.

Knowledge of associations would also be useful in building a high level of resonance (when presented with the association, the brand comes to the mind, H.S. Krishnan, 1996).

Brand Managers should carefully investigate potential negative feedback effects before launching a brand extension that deviates from the concept of the parent brand. The parent brand may be more vulnerable to feedback effects than the flagship products as Roedder John et al (1998), have pointed out. Brand Managers can take certain actions to minimize the risks and maximize the rewards of brand extensions. They may pretest the brand extensions in select markets on in lab settings before launching them in a large scale. Since this study implies that if the brand concept is not consistent with the extended product non users may be skeptical and may not purchase the brand extension.

Whenever a new product is presented for evaluation non users appear to take into account brand concept consistency between the parent and extended brands. This
suggests that marketers should look at product categories that fit with certain concepts which could be common to both the parent and extended brands. Based on the findings of Park, Milberg and Lawson (1991), it may be suggested that marketers could look at abstract concepts when extending prestige brands and use functional attributes as a basis for consistency when extending functional brands.

Lastly, marketers need to make sure that the quality of their products is at least maintained if not enhanced over time because associations based on direct experiences with the brand are likely to be believed more than other influences and the findings suggest that as the experience level increases there is a greater emphasis on quality of the parent brand.

VII.B. LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

Firstly, the sample is limited to Coimbatore district only. Taking into consideration the vast cultural and subcultural differences among the people of India this is a smaller sample. Therefore future studies should focus on larger samples and probably across the country which may reveal a better picture on consumer preferences.

Secondly, the samples are drawn from people with a minimum of under graduation as the educational qualification. This may limit the generalizability of the study, given the rate of literacy in the country. It cannot be said that people without an
undergraduate qualification may not be brand conscious. Hence researches could take into consideration those who do not have such qualifications.

Thirdly, this study has been done on the basis of the selected ten dimensions. Researches in the future could consider a larger set of dimensions.

Fourthly, the consumer preferences may be based on more complex interactions between the dimensions. Hence a structural equation modeling may be applied to understand the complex nature of consumer preferences and eliminate measurement errors.

Fifthly, though this study is carried out in a specific culture (Indian), no attempt was made to measure cultural values and beliefs on consumer preferences. Future studies could focus on capturing these factors too.

Lastly, future researches could include more detailed background characteristics such as the number of family members and type of professions (Lawyers, Physicians, Accountants etc), which was not done in this study.
Brand extensions is not a western phenomenon but has become prevalent in India too, in the recent past. Given the cultural differences in their attitudes, values and behaviour of consumers this study enables one to see the pattern that is emerging in an industrializing and urbanizing society like India. This study is among the pioneer and micro analytic tests of hypotheses provides insights into important factors governing consumers' behaviour. An important contribution of this study is that it proposed and tested the hypothesis establishing the relationship between the various factors affecting consumers and their preferences for brand extensions using a non western sample.

Notably, this study analyses users and non-users separately. This classification of the respondents into two categories (users and non-users) is a significant contribution and so is the examination of the differences among users with various levels of experience. For marketers who would like to enhance the performance of extended brands, this study suggests strategies and practices. This study has thrown a newer dimension for marketers to consider. To conclude, the study signals the emergence of a pattern of consumer behaviour at least among the economically stable and educated consumers.