As marketers are finding it more challenging than ever to introduce new brands in an already crowded market, they are increasingly turning towards brand extensions, particularly in the FMCG segment. With the cost of introducing an entirely new brand often being very high, accompanied by risk of failure of new brands, brand extensions have become an important strategic tool, which the marketers often use to exploit the existing brand equity. A strong and established brand provides the consumer, besides functional benefits, emotional benefits as well. Many companies adopt brand extension strategy with the aim of benefiting from brand knowledge achieved in the current markets. When a company launches a new product and markets under the umbrella of a well known brand name, the failure rate and marketing costs are reduced. There are a great number of factors that determine the extent to which a brand extension will be embraced. However, brand extension strategy is particularly well accepted in FMCG products.

The present research study examines in depth, the perception and behaviour of the consumers in Kolkata towards brand extensions in the FMCG segment. The study also strives to determine the factors that influence the consumers to accept brand extensions in FMCG products. This study is based on primary survey covering all 141 wards in Kolkata to get the perception and acceptability of brand extensions in the FMCG segment. Brand Managers’ views regarding brand extensions in the FMCG segment have also been studied. Data analysis and hypothesis testing have confirmed that the consumers of Kolkata are very brand loyal, they prefer to stick to the brands they like and are low risk takers. This pattern exists irrespective of age, income group and gender. The reputation of the parent brand also gives a positive impact on the consumers mind. From both the consumers and brand managers points of view, it has been found that image similarity between the parent brand and extended brand is important.