Findings and Suggestions
CHAPTER V

FINDINGS AND SUGGESTIONS

Cravens (1997) views that the pivotal role of strategic marketing is reflected in the brand strategies adopted for successful enterprises. The escalating importance of providing customer satisfaction, responding to diversity in the market, developing new products and recognizing global challenges require effective brand management for gaining competitive advantage.

To build corporate conglomerates, marketing managers have to build strong brands. In today’s highly competitive environment, brands are recognised as the most precious capital of companies. A strong brand has a culture of its own and possesses a set of values. In turn, these values help to build a relationship with the target customers (Sabnavis, 1997) which provides competitive advantage to the firms. Brand managers use the long term franchise of a brand to build ‘brand equity’.

Brand Equity

Much attention has been devoted to the concept of ‘brand equity’ and it has been viewed from various perspectives (Tauber, 1988; Aaker, 1991; Keller, 1993). An understanding of brand equity will facilitate the managers in devising marketing decisions like product positioning, target
market identification and tactical decisions on strategic marketing mix variables. Skilful leveraging of brand equity could help the company to generate a wider franchise for the brand.

The importance of brand equity is that, it increases the probability of brand choice, leads to brand loyalty and insulates the brand from competitive threats. Brand equity is the worth of a brand, in terms of money a consumer is willing to pay in preference to its competitors (Lehmann, 1997). It helps to command higher prices and increases the efficiency of marketing communication (Pitta, 1995). Another advantage of building brand equity is that it provides an opportunity to the firms to extend their powerful brand names, in the form of brand extension.

**Brand Extension**

According to Tauber (1988), brand extension is using a brand name of one category to introduce products in a totally different category. Kotler (1992) opines that brand extension strategy is an effort to utilise a successful brand name to launch new products in a completely different product class.

Launching a new brand requires not only considerable amount of money and time, but also high creative skills and innovative strategies. Hence brand managers prefer to leverage the brand equity through brand
extension rather than building a new brand. Studies on consumer brands in different markets show that successful brand extensions involve less expenditure on advertising than introducing products with new names and create synergy (Pitta, 1995). Brand extension is providing means to capitalize brand equity. Extensions assist in enhancing the image of core brand and gives instant recognition to the new product.

Rao and Rajakumar (1997) points out that using an established brand name for new products may reduce the risk of initial trial and will increase the probability of success. However, Loken (1993) cautions that unsuccessful extension may dilute brand equity, results in cannibalism and tarnish the image of the core brand. Pitta (1995) further warns that failed extensions might diminish core brand’s equity and repeated extensions might result equity wear-out.

Sen (1999) strongly believes that successful extensions need sophisticated understanding of the consumer and marketing realities. These extensions are based on deep understanding of core product benefits, area of expertise and type of association. The success of any extension strategy is reflected in the creation of a favourable ‘brand association’. Keller (1993) stresses that the presence of strongly held and favourably evaluated association leads to the formation of positive brand attitudes.
Brand Association

Blackston (1992) views that brand association reflects the perceived characteristics of a brand. Mackiewicz (1993) observes that brand associations are measurable benefits and attributes assigned to the brand by the consumers. These may reflect physical product features, emotional attitudes, values, behaviour and occasions associated with the use of the brand. Rajan Kapur (Sabnavis, 1997), postulates that when brand associations are highly relevant to the needs of any consumer segment, they provide ample opportunities to leverage into categories which value these associations.

Studies relating to brand extension revealed that consumer evaluation on brand extensions are influenced by the type of association a brand possesses. Three types of associations are identified. The first type is ‘Brand specific association’. According to Broniarczyk and Alba (1994) a brand is said to have a specific association if it is unique and highly salient in its product category. Keller (1993) adds that specific association provide insights into the extent to which brand associations are not shared with other brands. The second type is, ‘product category association’, which means that some brands are linked with a particular product category rather than a particular attribute. The third type is ‘abstract association’. Kapferer (1992) identifies that brands that are built on
generalised image or on broad philosophy are known to have abstract association. Keller (1993) points out that abstract association tends to be more durable and accessible in consumers’ memory than other types of associations. The level of abstraction of brand association helps an organisation to extend its name into a wide range of disparate categories.

Brand associations have an important bearing on the brand’s ability to stretch. That is, a brand’s ability to extend into similar and dissimilar categories depends on the type of association.

Despite the obvious importance of brand extension concept, its development has been minimal in Indian context. Though many Indian companies adopt brand extension as a strategy for growth, research on this area is very scarce and still in the nascent stage. Several research works have been conducted in the western countries, but there is paucity of research studies involving Indian consumers. Hence this research study involving Indian brands and Indian consumers is conducted. Further, the outcome of this study would certainly help the brand managers in formulating a strategic plan with respect to the extension of their powerful brands.
Objectives

1. To examine the influence of ‘brand associations’ with a view to find out a brand’s extendibility to different product categories.

2. To study the impact of ‘awareness’, ‘satisfaction’ and ‘product class knowledge’ on the consumers’ intention to buy the extended new products.

3. To explore the direction of ‘brand affect’, when brands are extended into similar and dissimilar categories in order to understand its effect on consumers’ preference for extensions.

4. To elicit consumers relative preference for extension products over other popular brands in that product category.

5. To identify the variables which influence brand extension evaluations and offer suggestions to brand executives for ensuring the success of brand extension strategies.

In order to identify the variables for the study, a review of literature available on the various aspects of brand extension has been carried out. Based on this conceptual framework, hypotheses are formulated.
Research Design

Pretests

This research work needs identification of stimuli brand names and their proposed extensions to be used. This is attained by conducting five pretests in a systematic way. Pretests are carried out as suggested by Broniarczyk and Alba (1994), Dawar and Anderson (1994) and Sheinin and Schmitt (1994). The first pretest is designed to select stimuli product categories and brands which are familiar to the respondents. The second pretest is formulated with an aim to identify brands with specific, product category and abstract association. Brand associations are identified through free-association task as suggested by Aaker (1991) and Walgren, et al. (1995). The purpose of third pretest is to generate extension product categories for the shortlisted brands. Checking the validity of the associations identified in the earlier pretest is the objective of fourth pretest. 'Rating scale’ method developed by Broniarczyk and Alba (1994) is used for this purpose. The final pretest has paved way to group the proposed extensions into most similar, similar and dissimilar extensions.

Through this process, four brand names are selected for the main study. They are Maggi, Hero Honda, BPL and Tata. The proposed extensions for these brands are shown in the following table.
Brands and their potential extensions used in the main study

<table>
<thead>
<tr>
<th>Type of Association</th>
<th>Core Brand</th>
<th>Extension 1</th>
<th>Extension 2</th>
<th>Extension 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific Association</td>
<td>Maggi (Non-durable)</td>
<td>Cornflake</td>
<td>Ice cream</td>
<td>Toy</td>
</tr>
<tr>
<td></td>
<td>Hero Honda (Durable)</td>
<td>Tyre</td>
<td>Refrigerator</td>
<td>Engine oil</td>
</tr>
<tr>
<td>Product Category</td>
<td>BPL</td>
<td>Ceiling fan</td>
<td>Electric geyser</td>
<td>Bulb</td>
</tr>
<tr>
<td>Association</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abstract Association</td>
<td>TATA</td>
<td>100 cc bike</td>
<td>Mineral water</td>
<td>Pencil</td>
</tr>
</tbody>
</table>

MAIN STUDY

Through a structured questionnaire relevant data were collected from 486 respondents residing at Chennai, Coimbatore, Chidambaram and Attur in the state of Tamil Nadu. Variables such as awareness, satisfaction, transferability, difficulty, confidence, affect, fit, similarity and product class knowledge are included in the study. Consumers’ preparedness to buy the extension product among other competitive brands was also identified. Collected data were entered in a computer and analysed by applying relevant statistical tools, viz., Student’s ‘t’ test, multiple regression, Friedman’s test. All the analyses are done in SPSS package.
FINDINGS

Following are the findings of this study.

i. Brand associations identified in the second pretest have been confirmed in the main study, which clearly indicates that no considerable change in consumers’ opinion toward the core brands had taken place.

ii. Quality ratings obtained from the pretest and main study are almost same and satisfy the selection criteria.

Impact of Awareness

iii. Awareness about the core brand is found to be influences consumers’ purchase intention only for five extension products out of 12 extensions, viz., Maggi toy, Hero Honda tyre, Hero Honda engine oil, Tata bike and Tata mineral water. This means that low awareness and high awareness group of consumers differ in their intention to buy the extension products.

iv. Purchase intention of high awareness group is lower than low awareness group for the extensions which have poor fit with their core brand.
Influence of Satisfaction

v. ‘Satisfaction’ is identified as an influencing factor for nine extension proposals out of twelve.

vi. For Maggi toy, Hero Honda refrigerator and Tata pencil, high satisfaction and low satisfaction groups do not differ in their intention to buy.

vii. It is observed that consumers with high satisfaction have shown greater preference to buy extension products than consumers with low satisfaction.

viii. For Maggi, consumer evaluations towards similar extension is more favourable than dissimilar extension.

ix. For Hero Honda, consumers’ evaluation toward similar extension is less favourable than dissimilar extension.

x. For BPL, consumer evaluation toward most similar and similar and dissimilar extensions are equal, i.e., there is no significant difference in the mean scores of purchase intentions of ceiling fan, geyser and bulb.

xi. For Tata, consumer evaluations toward its three proposed extensions are not equal, i.e., mean scores of purchase intentions of bike, mineral water and pencil differ significantly.
Brand Affect movements

xii. In the case of Maggi, brand affect diminishes when extensions move away from most similar product category to similar category and then to dissimilar product category.

xiii. For Hero Honda, brand affect diminishes between most similar and similar extension, increased between similar and dissimilar extension, and decreased between most similar and dissimilar extension.

xiv. The pattern of brand affect movement of BPL is similar to Hero Honda and ‘brand affect’ of Tata follows the pattern of Maggi.

Impact of Product Class Knowledge on consumer evaluations

xv. When brands with specific association are extended into dissimilar product category, experts are less favourable towards that extension than non-experts.

xvi. When brands belonging to product category association are extended into dissimilar category, experts are more favourable towards that extension than non-experts.

xvii. For brand names with abstract association, experts and non-experts have shown unequal evaluation to all extensions.
Factors influencing Purchase Intention

Consumers' 'purchase intention' for any extended product is collectively determined by many factors. In addition to the identification of the determinants of 'purchase intention', it becomes imperative to examine whether all the factors are influencing or only few are influencing. Multiple regression analyses are used to accomplish this purpose.

In this study, 'Purchase Intention' is taken as dependent variable and variables viz., transferability, difficulty, confidence, brand affect, perceived fit, brand image, product class knowledge and similarity are taken as independent variables.

In toto, 12 multiple regressions were run to measure the importance of independent variables. For all the regressions the same dependent and independent variables are used. The results are summarised as under.

xviii. Maggi cornflake : Independent variables such as brand affect, confidence, difficulty, image, perceived fit and transferability have significant regression coefficients and have influenced the 'purchase intention' of consumers.

xix Maggi ice cream : Except for 'product class knowledge' and 'difficulty' variables, regression coefficients for the remaining
variables are significant. 'Similarity' emerges as a significant variable when compared to Maggi Cornflake.

xx. *Maggi toy*: Independent variables viz., confidence, brand affect and image possess significant regression coefficients. Respondents feel that manufacturing of toy by Maggi is an irrational event and would not fit into the existing product range. They view that Nestle cannot transfer its manufacturing skills and it is difficult for the company to produce toys. They also identify that 'toy' is a dissimilar extension of Maggi.

xxi. *Hero Honda tyre*: Similarity between Hero Honda and tyre is high. Respondents have felt that acquiring the technology to manufacture automobile tyre will not be difficult for Hero Honda and expressed their liking towards this extension product. They have agreed that the perceived fit between Honda name and tyre category is high. Hero Honda does not have the technology for producing tyres and hence the respondents suspect that the company cannot transfer its manufacturing skills. They are less confident that Honda can produce a quality tyre and sell at competitive price.

xxii. *Hero Honda refrigerator*: Respondents have felt that launching a refrigerator is good idea and express their preference to buy that
product as it bears the name of Hero Honda. Further, ‘Perceived fit’ and ‘image’ variables are also seen with significant regression coefficients. In the perception of the respondents, it is difficult to develop the technology to produce trouble-free refrigerators and to transfer manufacturing skills. They express less confidence with the organisation. ‘Similarity’ emerges as an insignificant variable.

xxiii. *Hero Honda engine oil*: Explanatory variables such as brand affect, perceived fit and image have significant regression coefficients and hence influence consumers purchase intention for Hero Honda oil. Remaining variables viz., transferability, difficulty, confidence and similarity did not influence consumers’ intention to buy this product.

xxiv. *BPL ceiling fan*: BPL can transfer its existing manufacturing skills to produce ceiling fans, which would aptly fit with its product portfolio. Consumers reveal their liking for BPL ceiling fan which is highly similar with the existing product range. Respondents are not confident that BPL can sell ceiling fans at a competitive or low price.

xxv. *BPL electric geyser*: The results of BPL geyser coincide with the results of BPL ceiling fan. That is, the independent variables
which influence the purchase intention of ceiling fan have influenced geyser also.

xxvi. **BPL bulb**: Variables such as transferability, similarity, perceived fit and image have influenced the purchase intention of BPL bulb whereas variables like confident, brand affect and difficulty did not exercise any influence on the purchase intention.

xxvii. **Tata bike**: Consumers showed their preference to buy Tata bike and express their confidence that Tata can market quality bike by transferring its skill and technical knowledge in manufacturing automobiles. Respondents identified the 'fit' between Tata name and 'bike' category and attach due consideration to the 'image' factor while expressing their intention to buy. 'Product class knowledge' has significant T value, but with a negative beta (β) value of -0.075 (P<0.02) (Table 4.44).

xxviii. **Tata mineral water**: In the perception of consumers, 'fit' between Tata name and this extension category is poor. Knowledge about mineral water does not have any influence on their buying intentions. 'Difficulty' variable is found to be significant, but possess a negative beta (β) value of -0.1024 (P<0.001) (Table 4.45). Other variables, viz., image, brand affect, transferability, similarity
and confidence have influenced consumer’s evaluations toward Tata mineral water.

xxix. Tata pencil: Factors like transferability, similarity, image and confidence have been considered by the respondents while expressing their intention to buy Tata pencil. Respondents indicated that the fit between Tata name and pencil is poor and revealed that Tata pencil is not a worthy idea are not fond of such a product. As noted in Tata mineral water, in this case also, ‘difficulty’ variable is seen with a negative beta (β) value of -0.0974 (P<0.02) (Table 4.46).

Influence of Perceived Quality

xxx. Perceived quality rating of the core brand is not an influencing variable on ‘purchase intention’ for brands with specific association. This evidence is consistent with the findings of Aaker and Keller (1990).

xxxi. For BPL and Tata, perceived quality rating is a non-influencing variable for dissimilar extensions.

Role of Product Class Knowledge

xxxii. Product class knowledge has influenced ‘purchase intention’ of consumers for Maggi toy. Extensions like refrigerator, geyser and
bike have significant but negative T-values (Table 4.49). For the remaining eight extensions, respondents do not attach importance in their evaluations.

Influence of Brand Image

xxxiii. ‘Image’ of the core brand has emerged as an influencing variable in the multiple regression analyses carried out for all extension products.

Consumers’ preparedness to buy extension products

With the help of ranking analysis, an attempt has been made to examine the extent to which consumers prefer an extension product in comparison with the existing brands. Three leading brands are identified in each and every extension product category and respondents were asked to rank the test brand with other three brands. Friedman’s test was employed to check whether the difference between any two ranking scores is significant or not. The findings for 12 extensions are summarised below.

xxxiv. Extensions of Maggi

(a) Maggi and Champion are the second choice of the respondents in cornflake extension.
(b) In the case of ice cream, Maggi and Joy become the second choice whereas Arun and Kwality remain the first choice of the respondents.

(c) In toy category, Leo toys take the first choice and Maggi is the last choice.

xxxv. Extensions of Hero Honda

(a) MRF is the first choice and Hero Honda is the second choice in tyre category.

(b) Hero Honda refrigerator is rated as the last preferred brand by respondents.

(c) In the case of engine oil, Hero Honda and Veedol become the third choice of the respondents.

xxxvi. Extensions of BPL

(a) Usha fan is rated as the first choice of the respondents, whereas BPL fan and Khaitan are rated as the second choice.

(b) Consumers ranked Bajaj as their first preferred brand whereas both BPL and Venus have occupied the second slot in ‘geyser’ category.

(c) Philips bulb and Crompton occupied the first two places, pushing BPL and Wipro to the third place.
xxxvii. Extensions of Tata

(a) Tata bike is the first choice of the respondents.

(b) Respondents ranked Bisleri as their first choice and Tata as their second choice in mineral water category.

(c) In pencil category, Tata is the least preferred brand.

CONCLUSION

Conclusions are drawn based on the findings of this study. They are as follows:

i. For brands belonging to product category association, ‘awareness’ does not have any impact on the purchase intention of consumers.

ii. If the fit between an extension category and a core brand is poor, consumers will not support that extension even though the awareness for that core brand is high.

iii. ‘Satisfaction’ plays a crucial role in consumers’ evaluation of extension products. Consumers who are satisfied with the existing products of a core brand have shown greater interest to buy its extension products. However, results establish that even satisfied customers will not support a new product, if they feel that the extension product is inconsistent with the image of core brand.
iv. Results indicate that the degree of similarity influences the extension of brands belonging to specific association category only. However, in the case of Hero Honda, it is found that consumers’ evaluation towards dissimilar extension is more favourable than similar extension. This means that an extended brand will be more favourably evaluated in a dissimilar category in which its association is relevant than in a similar category where its association is not relevant. This leads to the conclusion that ‘similarity’ factor is dominated by ‘relevance’ factor.

v. Results from this study illustrate that ‘brand affect’ is influenced by ‘perceived fit’. For brands with specific association, ‘brand affect’ has weakened when brand extensions move from most similar to similar product category and then to dissimilar product category (supported in the case of Maggi). But, if the consumers’ perceive that entering into a particular dissimilar category is more relevant than similar category, then ‘brand affect’ is likely to increase and a \textit{U-shaped curve} describe the relationship between ‘affect’ and the ‘degree of similarity’ (proved in the case of Hero Honda).

For brands with product category association, consumers’ ratings on ‘brand affect’ are almost equal in all extension categories. Hence, it is concluded that the degree of similarity seems to have a less
significant role, when it comes to the question of ‘desirability’ of extension products.

vi. Findings of this study demonstrate the importance of consumers’ knowledge about the extension category (product class knowledge) on consumer evaluations. It is proved that experts are less favourable towards a dissimilar extension as they have identified the incongruence between the core brand and extension category (proved in Maggi toy). However, it is important to note that experts are more favourable towards a dissimilar extension, if it is consistent with the core brand’s image. Hence, it is concluded that, expert judgement relating to brand extensions are dominated by the relevance of brand associations (proved in the case of BPL bulb).

vii. The outcome of multiple regression analyses proves that ‘perceived fit’ influences purchase intentions of consumers toward extension products. The results further confirm that brand names that are built on some ‘philosophy’ (Kapferer, 1992) or have ‘abstract association’ need to consider product categories which require credibility and can add prestige to their names (proved in the case of Tata mineral water and Tata pencil).
Another conclusion drawn from the multiple regression analyses is that 'image' coupled with 'brand affect' can assist organisations in limiting the damage inflicted by poor fit (proved in the case of Maggi toy, Tata mineral water and Tata pencil).

It is established that 'perceived quality rating' of the core brand does not influence the purchase intentions of consumers for brands with specific association. Data from this study provides evidence that when 'fit' is not considered by the consumers, 'perceived quality' gains importance in their purchase intentions (Table 4.27).

This study clearly indicates that 'product class knowledge' does not have any relationship with degree of similarity. Furthermore, the negative T-values (P<0.05) of 'product class knowledge' for Hero Honda refrigerator, BPL geyser and Tata bike highlight that consumers need not have technical knowledge about these product categories because the buying decision can be taken by considering the corporate or brand name alone (Table 4.49).

Multiple regression analyses reveal that independent variable 'Image' (IM) has emerged as a significant variable in all the extensions. This outcome makes it clear that consumers attach greater importance to the brand or corporate name while evaluating
extension products. Hence, it is established that extensions from corporates which hold powerful brands with positive and favourable associations have greater chances of being accepted by the consumers.

xii. Paradoxically, ranking analyses show that Tata bike is the only extension product that has emerged as the first choice. Extensions such as Maggi toy, Hero Honda refrigerator, BPL bulb and Tata pencil are rated as least preferred brands in their product categories. This leads to the conclusion that consumers are reluctant to accept these products. It is further concluded that an extension product which has secured second or third choice, have to compete with the market leaders. This requires huge investment and a competitive marketing strategy.

xiii. It has been proved in this study that, for brands with ‘specific association’, consumer evaluations are influenced by the degree of similarity. Therefore, it is concluded that these brands cannot introduce a new product which is dissimilar to its specific association. For a brand belonging to ‘product category association’, consumers’ responses toward its extension products are equal irrespective of degree of similarity. This leads to the conclusion that these brands can extend within a particular product category
with which the core brand is strongly associated. Consumers' judgements toward the extensions of 'abstract association' brand differ significantly. Variables, viz., difficulty, confidence and transferability have influenced consumers' purchase intentions in all the three extensions. This leads to the conclusion that 'similarity' is not a criterion in the purchase intentions. It is confirmed that consumers evaluate the proposed new products from the viewpoint of whether the extensions can add value to the core brand and triviality of the extension product class.

xiv. In general, consumers do not see whether a durable brand extends into a non-durable category or vice-versa because, consumers' willingness to buy Hero Honda engine oil is greater than Hero Honda refrigerator. Similarly, consumers' intention to buy BPL bulbs does not differ significantly from that of BPL electric geyser. Hence, it is concluded that, consumers evaluate an extension product, mostly based on the relevance of the association, consistency with the image of the core brand and ability to transfer the core brand’s technical expertise.
SUGGESTIONS

Suggestions are offered and stated below for each and every extension product.

i. The purchase intention score for Maggi cornflake as seen from table 4.29 is 3.85 and this confirms consumers willingness to buy this product. Maggi, one of the popular brands of Nestle India Limited, has to face the competition from Kellogs only. Nestle products are sold through strong distribution network, comprising of more than 3000 dedicated distributors, is its competitive advantage over Kellogs. To generate sales for this new product, Nestle can explore the possibilities of adopting 'co-operative marketing' in the form of joint promotion. The company can apply 'combination pricing' strategy to penetrate into the market easily. If Nestle can match the international quality standards of Kellogs at competitive prices, the chances for Maggi cornflake becoming successful, is bright.

ii. Nestle has to think twice before introducing Maggi ice cream, because it has to compete with two leading brands (Arun and Kwality) and huge investments are required to establish infrastructure facilities. Creating exclusive ice cream parlours across the country is also a point to be considered. However, Nestle
can leverage its association with children segment. The target for ice cream is the upper and middle class urban consumers and the challenge is to generate trials amongst a large number of potential customers. If Nestle could achieve this, ice cream can be marketed under Maggi’s name.

iii. It is not advisable for Nestle to introduce ‘toys’ with Maggi’s name, because the respondents have identified the poor fit between toy category and Maggi’s existing product range.

iv. Though Hero Honda tyre is rated as second choice next to MRF, it is suggested that the company can venture into this project for two reasons. First reason is, tyre is a complementary product of bikes and a major portion of the production can be consumed by Hero Honda itself. MRF, the market leader in tyre category lacks this advantage. The second reason is, manufacturing of tyres is the best backward integration strategy.

v. Consumers rated Hero Honda refrigerator as the least preferred brand. The reasons are that consumers consider Hero Honda as an automobile company and diversifying into an unrelated area is not acceptable. Hence, the company can avoid entering into this category for the present. However, through thoughtful and
systematic ‘intervening extensions’ as proposed by Keller and Aaker (1992) this extension can be considered in future. A firm planning for multiple extensions must determine the appropriate order of product introduction to maximize consumer’s acceptance. While doing so, adequate care should be taken, because Dawar and Anderson (1994) caution that ordering of multiple extensions and the direction of such extensions is critical for success.

vi. Purchase intention score of Hero Honda engine oil is 3.57 which is a favourable sign. Like tyre, engine oil can also be used for self consumption and sold through its dealers and authorised service stations. Eventhough, the ranking analysis projects a different picture, Hero Honda can successfully market engine oil by way of adopting penetrating pricing strategy supported by effective distribution.

vii. BPL can include ceiling fan and geyser in its product portfolio through brand extension. The ‘fit’ between these two products and BPL is high. BPL’s expertise in manufacturing electrical household items and exclusive dealership network are the plus points. BPL may use its better-known products to increase the sales of extended products through ‘bundling’ offers. It may thus differentiate itself from competitors who do not have complementary products. These
points favour the extension of BPL’s name to ceiling fan and geyser categories.

viii. BPL bulb’s purchase intention score of 3.32 is favouring its launching. By considering the outcome of ranking analysis, it is suggested to consider this project at an appropriate time. Presence of strong competition brands and absence of suitable distribution setup are the main hurdles. However, these hurdles can be managed with the help of aggressive selling and heavy merchandising.

ix. Respondents’ ranking of Tata bike as their first choice confirms their confidence with Tata name. Tata’s dominance in automobile industry has provided an edge over other competitive brands. Consumers show dependence on the reputation of Tata name and hence this proposal can be treated as the best extension strategy. In addition to innovative product features, proper positioning and identification of target audience are the key factors that can assure success for this extension product.

x. In the case of ‘mineral water’, Tata’s association with ‘trustworthiness’ or ‘credibility’ has influenced the respondents who rank Tata mineral water as their second choice. This health oriented product can boost up the image of Tata as well as strengthen its
product line of tea, coffee and salt. Tata can induce the consumers to go for a trial purchase through attractive sales promotion schemes targeting at traders and through persuasive advertising campaigns.

Tata pencil is rated as the least preferred brand and its purchase intention score of 2.98 shows consumer’s reluctance to buy this product. If this extension is launched, consumers may feel that Tata is exploiting its reputation by introducing a trivial product. Launching pencils is not a wise decision. Hence, giant companies like Tata should not venture into such ‘me-too’ products in order to protect the goodwill.

Managerial implications

The findings suggest several factors that need to be considered while launching brand extensions and provide directions for managers in framing extension strategies. Such important implications are discussed below.

Brand awareness, which is a strategic asset provides competitive advantage by differentiating a brand along recall / familiarity dimensions (Aaker, 1995). Awareness leads to familiarity, which in turn, drive buying decisions. Hence, firms should try to attain ‘dominant awareness level’ that is durable and sustainable. Establishment of strong name anchored
by high recognition can serve as a barrier for other competitive brands. Hence, brand managers should develop powerful communication methods to create awareness about their products with an aim to obtain support for the future launches. Enhanced awareness can assist the firms in gaining instant recognition and immediate trial purchase for the extension products.

Another aspect which the brand executives should concentrate is the 'satisfaction' factor. As indicated earlier, satisfied consumers become loyal to a brand and would be willing to buy any new product marketed under the same brand name. Effective use of marketing mix variables can assist the organisations in ensuring satisfaction to the consumers. Especially for durable goods, satisfied customers always exhibit favourable buying intentions toward the extensions of that brand. Another indirect benefit is that these satisfied consumers can become ambassadors of that company and recommend the products to other prospective buyers. Hence, it is suggested that to ensure success for an extension product, satisfactory level of consumers should be improved.

Once the satisfaction level is improved, the next step is to build a strong corporate or brand image. Hence organisations should make efforts to enhance its 'image' by supporting social welfare activities, sponsoring sports events, engaging in non-profit oriented propaganda etc. Creating
favourable brand image is essential to become a ‘philosophy’ brand. Multiple regression analyses of this research work has proved that ‘image’ is one of the important factors for the success of extension products.

While adopting brand extension strategy, firms should look for proper fit between the core brand and extension category. Consumers would favour high fit extension products and reject extensions with poor fit. Brand managers should ensure consistency to make the extension product successful one. This suggestion is offered based on the findings pertaining to brands with specific association and product category association. For brands belonging to abstract association, consumers always analyse whether the extension incorporates genuine value addition to the core brand and if so to what extent it can strengthen the brand equity.

Firms that propose to extend their brands ‘within its product category’, having specific association, can expect favourable evaluations from the consumers. But at the same time, they have to explore the possibility of extending across the product category, i.e. extending from a non-durable brand to durable segment provided that the specific association is perceived as highly relevant. Hence, in order to ensure the success of brand extension, brand managers should check the ‘relevant’
factor before deciding whether to enter within or across the product categories.

Brand managers dealing with brands that have product category association should be careful in selecting the extension category. The success of their extension strategy depends on the extent to which congruence is maintained between core brand and the extension category.

To make this point more clear, consider the extensions of BPL, viz., ceiling fan, electric geyser and bulb. The success of these extensions largely depends on the degree to which the BPL name and the extensions are congruent. If BPL's association with quality home appliances is properly linked with any new product idea, then people would evaluate these new proposals more favourably.

Corporate brand names with abstract association, generally have an edge over other brands, in terms of their extendibility. Consumers would be willing to support the extensions from these corporate houses, irrespective of the degree of product category similarity. This enables the firm(s) to consider different product categories to enter with their powerful brand namé. But, consumers do not accept the extensions of a high-tech quality brand to a trivial product class. Because, consumers expect these
corporates to market innovative products which will be superior than the existing products and can provide more benefits at reasonable price.

Another important issue is that the brand managers should have a clear idea regarding the creation of suitable association for their brand in order to have competitive advantage in the long term perspective. Brands with specific association are powerful in their product category and this association can act as a shield against competition. However, brand managers must be cautious while strengthening the specific association, because in an extreme condition specific association may lead to prototypicality. This ultimately hinders the growth of a brand into unrelated areas. The best example is, Xerox’s abortive move to enter into computer segment and IBM’s failure in marketing photocopiers (Sabnavis, 1997). As such prototypicality shrinks the domain of a brand’s ruling area.

As one of the long-term strategies, managers can also consider converting their brand name associated with a single product class into an umbrella brand name consisting of multiple products. This can be attained by gradually extending into more diversified areas with high quality standards and maintaining consumer perceptions. Through logical and meaningful extensions, these brands can slowly enlarge their boundaries and improve the chances of rapid sales growth. This does not mean extending the brand indiscriminately.
Brand managers can consider the 'competitive factor' while selecting an appropriate extension category. They should identify the categories that are consistent with the core brand's association. It should be followed by the shortlisting of categories, where leading brands do not exist. In other words, firms need to choose the categories where they can easily overcome competition with the help of their core competence. Finally, if an extension product can provide a point of differentiation which is sustainable (Aaker, 1995), then its chances of being accepted and becoming one of the leading brands is bright.

A Final Word

Suggestions are offered based on consumers' perceptions. These have to be supplemented by decisions related to production, finance and human resources. For example, investments required to build manufacturing facilities and establishing a distribution network in the non core competency area are some of the important decisions to be considered. These problems can be solved by adopting techniques such as franchising, outsourcing, etc. For instance, Britannia and P&G get their products manufactured by third party vendors and market them under their own brand names (Sabnavis, 1997). Similarly, Philips outsources many of its critical components and uses JCT picture tube in its colour televisions (The Hindu, dated September 8, 1999). Comprehensive systems should be
devised to ensure quality and to safeguard brand equity, while adopting these techniques.

In an era of competitive pressure, global competition and openness of markets, an understanding of the factors that influence the success of brand extension strategy is essential. Commensurate with the research findings that indicate the importance of brand association in the formulation of extension attitudes and predispositions, the results also reveal that extensions can attract consumers, when the brand’s association with its core value is strong. Successful brand extensions depend on many strategic considerations including the growth rate of the proposed extension category, strength of competing brands, investment requirement and return on investment. Further, leveraging the equity of a brand in the form of extension foresee a good opportunity to diversify into new areas that is synergetic with its core value.

In conclusion, as Hamel and Prahalad (1989) suggest firms have to develop strategic intent, which couples strategic vision and an obsession with success. These factors supplemented with Strategic Marketing Insight, the latest concept proclaimed by Sridhar (1999), can provide a long-term advantage to the enterprises which is essential for success in their new ventures.
Scope for future research

This study opened up a fertile ground for further research. Future studies can take into account the following issues to have more insights about this subject.

i. The concept of brand extension in service sector is yet to be examined in Indian context. So, researchers can make an attempt to identify factors that influence the success of extension strategies in areas like hotels, travels, financial institutions, etc.

ii. Extensions from service sectors to product categories of durable and non-durable and vice-versa can be examined to know the acceptability of customers.

iii. Another important research priority is to replicate the present study with industrial products. Previous studies have mainly concentrated on identifying the factors that influence customer evaluations of brand extensions for consumer products. Such factors may not be applicable for industrial products. Because, buyer’s perception about the brand or company name can be influenced by the communication power of sales force. Hence, efforts also could be made in the future on investigating the determinants that influence the success of brand extensions involving industrial products.
iv. Only BPL has been used for product category association, which is basically a durable product. In future, brands from non-durable category can be studied to confirm the findings. Similarly, more corporate names could be taken for study in the abstract association category.

v. Another interesting area for research is to examine the extent to which consumers differ in their judgments towards the extensions of regional, national and multinational brands.

vi. In order to generalise the findings of this study for a wider population, research work may be undertaken to have a cross check with other segments of the consumer world, like, housewives, women executives, teen-agers, etc. Research studies show that young adults are mature, rational and key influencers in their family’s purchase decision. Therefore, it would be valuable to study the reaction of teen-agers toward brand extensions with special emphasis on durable products.

vii. A key problem that deserves research attention relates to the examination of the impact of brand extension on share price movements.
viii. Future research work can concentrate in investigating the influence of 'core competence' of a firm while identifying suitable extension categories.

ix. The relationship between 'brand loyalty' and consumer evaluations on brand extension can also be examined by the researchers in future.