PART V: CLOSING PERSPECTIVES
CHAPTER 7. CONCLUSIONS & DIRECTIONS FOR FUTURE RESEARCH

7.1 Summary of the Findings

Most of the studies undertaken in studying the determinants of brand extension success are conducted in the developed countries. This study undertaken in India allows examining the generalizability and robustness of the findings in the emerging and developing economies context. The study is further conducted taking a range of real brands across service and product categories to test the effectiveness of extension propositions on both the physical brand and the experience brand. Further, the study is accomplished with actual consumers of products and services and not only students by means of a consumer survey.

This study finds strong support for three of the four hypotheses that have been proposed in this study. Similarity is found to be the most important determinant in evaluations of brand extensions followed by reputation, consumer innovativeness and perceived risk. This study advances knowledge of brand extensions in several ways. First, it is found that perceived similarity is a crucial factor in the evaluation of services brand extensions. This finding concurs with the hypothesis in the brand extension literature that any brand, which is extended into similar categories, should receive high consumer evaluations (Aaker and Keller 1990). Second, the reputation of the parent brand is a crucial factor influencing the likelihood of a successful brand extension. Building a favourable reputation for a parent brand is an important contributor to the success of brand extensions. This is equally important for FMCG, durable goods and services brands. These two findings support the generalization and external validity of earlier experimental findings in the brand extension literature. Third, it is has been partly supported that consumers’ perception of the risk associated with new product categories is an important factor influencing brand extension judgments for durable goods and services. Finally, more innovative consumers evaluate services brand extensions more
favourably. Building on the diffusion of innovation literature, targeting more innovative consumers could be an efficient way of developing brand extension strategies.

7.2 Limitations and Directions for Future Research

There are several limitations of this research.

The success of a brand extension can be seen from different perspectives. This study concentrates on consumer specific indicators of extension success i.e. the perceived quality of the extension product. Other indicators of an extension's success are for example its profitability, sales volume, revenue or market share. In future work, the question could be addressed, to which extent these findings can be replicated with some economic indicators of brand extension success.

This study focuses on extensions, which have not been introduced in the market. It would be interesting to analyze whether the results can be generalized to already introduced brand extensions.

Further research is also needed to investigate the generalizability of the results across multiple categories in Fast Moving Consumer Goods.

The data has been analyzed by means of regression models. This enabled to directly compare the results with those of prior work because the majority of previous studies used regression models to test hypothesis. It would be interesting to apply a Structural Equation Modeling to test the determinants of extension success in future work.

The data is solely based on the answers of respondents who live in one country i.e. India. This fact prohibits generalizations across cultures. The study by Bottomley and Holden (2001) provides some insights. They analyzed the generalizability of Aaker and Keller's (1990) model and found uniform strong effects of fit and parent brand quality across cultures.
words, cultural differences did not change the fact that fit and parent brand quality are important determinants of brand extension success.

The employed hypothetical brand name in this research might question the external validity of the findings.

The possible influence of extensions' actual success on the post evaluation of the parent product could not be examined because it can be investigated only after consumers experience the extensions. Therefore, for future studies, the use of real brand names and products to investigate the reciprocal effect is recommended.

Another limitation concerns the way the brand extension was presented. Since each brand extension was presented without any accompanying text or visual clues, the extent to which a true assessment of the quality and likelihood of trial by the consumer might have been limited.

Related to the brand extension presentation is the absence of pricing. Van Riel et al. (2001) suggest that consumers may use price clues to assess service quality (Zeithaml, 1988). This is not addressed in the present study but it may be incorporated in future studies.

7.3 Implications

7.3.1 Theoretical Implications

This study adds to the growing body of literature on brand extensions by examining how perceived similarity, brand reputation, perceived risk, and consumer innovativeness impacts on evaluations of FMCG, durable goods, and services brand extensions. The present investigation has demonstrated that perceived similarity between the parent brand category and the category of the brand extension enhances the evaluations of FMCG, durable goods, and services brand extensions. The reputation of the parent brand is an important variable influencing consumers' evaluations of services brand extensions. Perceived risk of the parent
brand category is an important factor in determining brand extension success. Consumer innovativeness also has a significant impact on the evaluations of brand extensions.

### 7.3.2 Managerial Implications

The contributions of this study are especially relevant for marketing practitioners. To improve brand extension success, it is imperative for managers to know which of the large number of potentially relevant success factors should receive the most attention and how they should allocate resources to the relevant factors. The findings suggest that managers should consider perceived similarity, brand reputation and consumer innovativeness as key factors influencing the success of their planned brand extensions. For example, all else being equal, if an organization is contemplating extending its services brand into another services sector, which consumers consider as being a higher risk purchase category, the strategy should major upon any inherent goodwill associated with the parent brand. From a managerial perspective, it is especially important to know the relevant determinants of extension success. This study helps managers focus on the relevant success factors. Managers should hence pay the greatest attention to the success factors that substantially influence brand extension success.

This study can help marketing managers develop appropriate and effective marketing strategies to influence consumers' acceptance of brand extensions. When using brand extensions to market new or modified products to consumers, firms should pay attention to a variety of factors. Thus, this study serves to provide guidance for brand managers and marketers alike in evaluating the potential success of their extended brands. Marketers must understand the interaction of similarity, reputation, consumer innovativeness with the overall evaluation of brand extensions when launching brand extensions. Marketers should also undergo thorough analyses of their various types of brand extensions in order to appeal to innovative consumers. Appropriate and effective branding and marketing strategies can therefore be designed to influence consumers' acceptance of brand extensions.
References


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http://www2.marshall.usc.edu/emplibrary/wp01-03.pdf.

As mentioned, this questionnaire is about consumer brands and hypothetical brand extensions. A Brand Extension is a new product that uses an already existing brand. You will be asked about your opinion about 5 different brands. This questionnaire will take some time and effort to fill out, so please try your best and make both your and my time worthwhile. Please ensure that your response is within the options given to you. In case you have entered a wrong options, on pressing enter Message will show you the options available. In view of this it is requested that please look at the option table placed adjacent to it or bring your cursor on the "Your Response Cell" for each question. Once completed please save and resend the file to me at panchali.das@gmail.com.

**How adventurous a consumer are you?**

- I like to use new services before others do
- Overall I enjoy buying the latest products/services
- I am continually seeking new ideas and experiences
- I like to experience novelty and change in my daily routine

**Consider the following brand:**

**BRAND 1**

- How knowledgeable are you about this brand?
- How do you perceive the overall quality of this brand?

How important are the following attributes in choosing an airline:

- Price
- Timely service
- Quality of Service
Consider the following brand:

**BRAND 2**

How knowledgeable are you about this brand?

- NOT AT ALL: 1
- FAIR: 2
- GOOD: 3
- VERY GOOD: 4
- EXCELLENT: 5

How do you perceive the overall quality of this brand?

- POOR: 1
- FAIR: 2
- GOOD: 3
- VERY GOOD: 4
- EXCELLENT: 5

How important are the following attributes in choosing a Bank?

- Price
- Efficiency
- Reliability

**Overall Evaluation**

- The services of ICICI are reasonably priced
- The bank personnel are efficient
- ICICI is a safe and reliable banking option
- I am very positive to the brand ICICI Bank
- I am very satisfied with the brand ICICI Bank
- I associate positive things with brand ICICI Bank

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ICICI Bank wants to introduce the new brand ICICI Financial Service and ICICI Mobile Manufacturing. Considering this now, please indicate your opinion on the hypothetical brand extensions by ICICI Bank by circling the appropriate number (1-7).

**Consider the brand extension ICICI Financial Service**

How important are the following attributes in choosing a financial Service?

- Price
- Efficiency
- Reliability

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Similarity

- The service competences of ICICI Bank brand are useful to make ICICI Mobile Phone STRONGLY DISAGREE 1
- The knowledge resources of ICICI Bank brand are useful to make ICICI Mobile Phone DISAGREE 2
- ICICI Mobile Phone is consistent with the ICICI brand in terms of innovation to the product UNCERTAIN 3
- ICICI Mobile Phone fits with my associations of the ICICI brand in terms of reliability AGREE 4

Perceived Risk

- If I use ICICI Mobile Phone, I would feel uncertain about the post-purchase maintenance costs that I would incur STRONGLY AGREE 5
- If I use ICICI Mobile Phone, I would feel uncertain whether all the features will perform well STRONGLY AGREE 5
- If I use ICICI Mobile Phone, I would feel that it would pose health hazards if the components do not meet quality standards STRONGLY AGREE 5
- If I purchase ICICI Mobile Phone, I would feel that I could have purchased a better brand of mobile phone STRONGLY AGREE 5
- If I use ICICI Mobile Phone, I would feel uncertain whether it will keep me connected to my near and dear ones STRONGLY AGREE 5
- If I use ICICI Mobile Phone, I would feel uncertain whether I will utilise my time effectively STRONGLY AGREE 5

Consider the following brand:

**BRAND3**

- How knowledgeable are you about this brand? NOT AT ALL 1
- How do you perceive the overall quality of this brand? POOR 1
- How important are the following attributes in choosing a hospital:
  - Price NOT IMP 0
  - Reliability of service NOT VERY IMP 1
  - Quality of Service IMP 2

Overall Evaluation

- Apollo Hospitals is a high priced brand STRONGLY DISAGREE 1
- Apollo Hospitals provides reliable service DISAGREE 2
- The quality of service in Apollo Hospitals is high UNCERTAIN 3
- I am very positive to the brand Apollo Hospitals AGREE 4
- I am very satisfied with the brand Apollo Hospitals STRONGLY AGREE 5
- I associate positive things with brand Apollo Hospitals
### Overall Evaluation

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I expect Apollo Shampoo to be a high priced brand</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I expect Apollo Shampoo to be of high quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>I expect Apollo Shampoo to provide effective results</td>
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</tbody>
</table>

### Similarity

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The medical competences of Apollo Hospitals brand are useful to make Apollo Shampoo successful</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The resources of Apollo Hospitals brand are useful to make Apollo Shampoo successful</td>
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<tr>
<td>Apollo Shampoo is consistent with the Apollo Hospitals brand in terms of health care</td>
<td></td>
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<tr>
<td>Apollo Shampoo fits with my perception of the Apollo Hospitals brand in terms of high quality</td>
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</tbody>
</table>

### Perceived Risk

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Uncertain</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>If I use Apollo Shampoo, I would feel uncertain whether the shampoo has to be replaced</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>If I use Apollo Shampoo, I would feel uncertain whether my hair will become soft and silky</td>
<td></td>
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<td></td>
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<tr>
<td>If I use Apollo Shampoo, I would feel that my hair would be damaged if the ingredients are not of good quality</td>
<td></td>
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<tr>
<td>If I use Apollo Shampoo, I would feel that I could have chosen a better brand of shampoo for my hair-care</td>
<td></td>
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<tr>
<td>If I use Apollo Shampoo, I would feel uncertain whether it will make me more confident in making social appearances</td>
<td></td>
<td></td>
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<tr>
<td>If I use Apollo Shampoo, I would feel uncertain whether my hair will be repaired in the least possible time</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

### Consider the following brand:

**BRAND4**

![BRAND4 Logo](suzuki_logos.png)

**Count on us**

- How knowledgeable are you about this brand? [ ]
  - Not At All [1]
  - Fair [2]
  - Good [3]
  - Very Good [4]
  - Excellent [5]

- How do you perceive the overall quality of this brand? [ ]
  - Poor [1]
  - Fair [2]
  - Good [3]
  - Very Good [4]
  - Excellent [5]

### How important are the following attributes in choosing a car

- Price [ ]
  - Not Imp [0]
  - Not Very Imp [1]
  - Imp [2]
  - Very Imp [3]
- Fuel Efficiency [ ]
- Quality of After Sales Service [ ]
- Latest Features [ ]
Consider the following brand:

**Bisleri**

<table>
<thead>
<tr>
<th>How knowledgeable are you about this brand?</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOT AT ALL 1</td>
</tr>
<tr>
<td>VERY GOOD 4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How do you perceive the overall quality of this brand?</th>
</tr>
</thead>
<tbody>
<tr>
<td>POOR 1</td>
</tr>
<tr>
<td>VERY GOOD 4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How important are the following attributes in choosing packaged drinking water:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
</tr>
<tr>
<td>Availability</td>
</tr>
<tr>
<td>Price</td>
</tr>
</tbody>
</table>

**Overall Evaluation**
- Bisleri is a reliable brand
- Bisleri is widely available
- Bisleri is a high priced brand
- I am very positive to the brand Bisleri
- I am very satisfied with the brand Bisleri
- I associate positive things with brand Bisleri

**Bisleri wants to introduce the new brand Bisleri Beer and Bisleri Potato Chips. Considering this now, please indicate your opinion on the hypothetical brand extensions by Bisleri by marking appropriate number (1-7).**

**Consider the brand extension Bisleri Beer**

<table>
<thead>
<tr>
<th>How important are the following attributes in buying beer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
</tr>
<tr>
<td>Taste</td>
</tr>
<tr>
<td>Packaging (can or bottle)</td>
</tr>
</tbody>
</table>

**Overall Evaluation**
- I expect Bisleri Beer to be of high price
- I expect Bisleri Beer to have good taste
- I expect Bisleri Beer to have good packaging

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**K.K. Hendiqui Library**

*Estd. 1948*

*Date*