CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS OF THE STUDY

In this section the findings of the study “A study on the factors influencing consumer preferences towards brand extensions and their impact on parent brands’ image with reference to fast moving consumer goods FMCGs” based on a sample of 446 respondents from Coimbatore city is presented.

- Majority (52.2%) of the respondents are female.
- Majority (83.6%) of the respondents fall under the age group of 20-40 years.
- Majority (56.50%) of the respondents are postgraduates.
- Maximum of 45.29% of the respondents are employed in private sector organisations.
- Maximum of 45.3% of the respondents each have three or four members in their family.
- Majority (59.4%) of the respondents have two earning members in their family.
- Maximum of 41% of the respondents belong to the income group of Rs.45000-60000 per month.
All (100%) the respondents selected for the study are aware of brand extensions.

Majority (55.6%) of the respondents have only medium level of awareness for brand extensions.

Maximum of 34.8% of the respondents were of the opinion that they have been using brand extensions for four to six years.

Majority (52.2%) of the respondents buy or consider buying brand extensions only sometimes.

Among the 10 factors considered influencing consumer preferences towards brand extensions, the factors such as the parent brand, extension, innovativeness of the extension, and difficulty of the extension have significant correlation with majority of the factors.

Among the 10 factors considered influencing consumer preferences towards brand extensions, the factor cognitive mechanism explains 48% followed by the factor parent brand-extension fit (41.1%) and difficulty of the extension (41.4%).

Majority (72.2%) of the respondents buy or consider buying brand extensions only sometimes.

Among the 10 factors considered, the factor cognitive mechanism.

Majority of the respondents have given high level of opinion towards having purchased a brand I observe its features (A).
Majority of the respondents have given high level of opinion towards 'Durability' (B) under quality of the parent brand.

Majority of the respondents have given high level of opinion towards 'I judge a brand based on the extent to which it transfers its manufacturing skills (transferability) to extensions' (C) under fit between the parent brand and extension.

Majority of the respondents have given high level of opinion towards 'A brand shall enter into moderately difficult extensions' (D) under difficulty of the extension.

Majority of the respondents have given high level of opinion towards 'I have confidence in brands with which I am familiar' (E) under familiarity of the parent brand.

Majority of the respondents have given high level of opinion towards 'Innovations offer more value to brand extensions' (F) under innovativeness of the extension.

Advertisements are essential for all products under a brand, 'Advertisements are essential for all products under a brand name' (G) under advertisement impact.

Majority of the respondents have given high level of opinion towards 'I associate certain attributes with a certain brand' (H) under parent brand association.

Quality of the parent brand' (I) under brand concept consistency.

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The Majority of the respondents have given high level of opinion towards 'I judge features of an extension with price' (J3) under price of the extension.

All the socioeconomic factors have significant influence on the level of awareness of brand extensions.

Except gender and age all the other socioeconomic factors considered have significant influence in the frequency of buying or consider buying brand extensions.

There is significant difference in the cognitive mechanism between the respondents divided under socioeconomic classification except in case of number of earning members in the family.

There is significant difference in the quality of the parent brand factor between the respondents divided under socioeconomic classification except based on the number of earning members in the family.

There is significant difference in the fit between the parent brand and extension factor between the respondents divided under socioeconomic classification except based on family size.

There is significant difference in the difficulty of the extension factor between the respondents divided under socioeconomic classification except in case of number of earning members in the family.

There is significant difference in the familiarity of the parent brand factor between the respondents divided under socioeconomic classification.

Buying or consider buying brand extensions.

Except gender and age all the other socioeconomic factors considered have significant influence in the frequency of the level of awareness on brand extensions.

All the socioeconomic factors have significant influence on the price of the extension.

Majority of the respondents have given high level of opinion towards 'I judge features of an extension with price' (J3) under price of the extension.
socioeconomic classification except in case of family size of the respondents.

- There is significant difference in the innovativeness of the extension factor between the respondents divided under socioeconomic classification except in case of age group of the respondents.

- There is significant difference in the advertisement impact factor between the respondents divided under socioeconomic classification except in case of age group of the respondents.

- There is significant difference in the parent brand association factor between the respondents divided under socioeconomic classification.

- There is significant difference in the brand concept consistency factor between the respondents divided under socioeconomic classification except in case of gender of the respondents.

- There is significant difference in the price of the extension factor between the respondents divided under socioeconomic classification.

- There is significant difference in the cognitive mechanism between the respondents based on their experience (in years) in using brand extensions.

- There is significant difference in the quality of the parent brand factor between the respondents based on their experience (in years) in using brand extensions.
There is significant difference in the fit between the parent brand and extension factor between the respondents based on their experience (in years) in using brand extensions.

There is significant difference in the difficulty of the extension factor between the respondents based on their experience (in years) in using brand extensions.

There is significant difference in the familiarity of the parent brand factor between the respondents based on their experience (in years) in using brand extensions.

There is significant difference in the innovativeness of the extension factor between the respondents based on their experience (in years) in using brand extensions.

There is significant difference in the advertisement impact factor between the respondents based on their experience (in years) in using brand extensions.

There is significant difference in the parent brand association factor between the respondents based on their experience (in years) in using brand extensions.

There is significant difference in the brand concept consistency factor between the respondents based on their experience (in years) in using brand extensions.

There is significant difference in the price of the extension factor between the respondents based on their experience (in years) in using brand extensions.
There is significant difference in the opinion (perception) between respondents towards brand extensions based on their level of awareness.

There is significant difference in the opinion (perception) between respondents towards brand extensions based on their socioeconomic classification.

Majority of the respondents have given high level of opinion towards ‘It is important for brand extensions to preserve the core benefit of the parent brand’ under consumer perception towards brand extensions.

The 14 factors considered relating to the consumer perception towards brand extensions can be classified under five groups such as group 1 (bringing mileage to brand extensions) with ‘Brand extensions reduce the risk of product failure’ (with a factor loading of 0.869) as an important factor, group 2 (reducing brand extension failures and increasing customer base) with ‘Brand extensions are moderately priced’ (with a factor loading of 0.657) as an important factor, group 3 (leveraging image of the extensions and ensuring customer satisfaction) with ‘Brand extensions shall take care of customers’ changing needs and preferences’ (with a factor loading of 0.513) as an important factor, group 4 (preserving the core benefit) with ‘It is important for brand extensions to preserve the core benefit of the parent brand’ (with a factor loading of 0.542) as an important factor and group 5 (reducing cost of brand promotion and easy market penetration) with ‘Brand extensions reduce the cost of launching a new product’ (with a factor loading of 0.617) as an important factor.
There is significant difference in the opinion between respondents towards impact of brand extensions on parent brands’ image divided under socioeconomic classification except for gender and the number of earning members in the family.

Majority of the respondents have given high level of opinion towards ‘Failure of brand extensions damage parent brands’ perceived quality’ under impact of brand extensions on parent brands’ image.

The seven factors considered relating to the opinion of respondents towards impact of brand extensions on parent brands’ image can be classified under two groups such as group 1 (influencing parent brand identity and sales) with ‘Too many brand extensions dilute the image of the parent brand’ (with a factor loading of 0.829) as an important factor and group 2 (influencing the right brand selection) with ‘It is difficult making a choice when there are many variants under a brand’ (with a factor loading of 0.635) as an important factor.

Vicks Action 500 is perceived to have diluted the image of its parent brand Vicks Vaporub more than other brand extensions such as Dettol Liquid Hand Wash, Dettol Soap, Dettol Plaster and Horlicks Biscuit in diluting their respective parent brands’ image. Out of the three extensions considered under Dettol (antiseptic lotion), Dettol Soap is perceived to have diluted the parent brands’ image more than Dettol Liquid Hand Wash and Dettol Plaster.
• There exist significant negative correlation between consumer perception towards brand extensions and impact of brand extensions on parent brands’ image.

• Dettol Plaster is perceived to have high level of fit compared with other brand extensions. Similarly, the perceived success of Dettol Plaster is the highest.

5.2 SUGGESTIONS

The study on the factors influencing consumer preferences towards brand extensions and their impact on parent brands’ image is an accumulated and simple evidence to show that it is an important and pervasive phenomenon. This study has important implications for organisations and has the potentiality to benefit firm.

To understand consumers’ preferences/perception and behaviour, marketers need to know what product and brand knowledge consumers have acquired and stored in the memory. They may also wish to determine how consumers organise 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 are 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/perception for brand extensions and their influence on
parent brands’ image should at best help extensions succeed in the market and not weaken the parent brand.

The following are the important implications and suggestions based on the study.

- The findings suggest that brand extensions need to be addressed using different strategies as in majority of the cases there exists significant difference among the respondents belonging to various socioeconomic classifications on the factors influencing consumer preferences.

- Brand managers need to understand that consumers’ learning and attitude towards brand extension differ at various levels of experience in using them. They need to make sure that the quality of the products is maintained over time because; associations based on direct experience with the brand are likely to be believed more than other influences.

- Consumers’ expectations from brands differ when associations based on direct experience increases. This can be addressed by implementing appropriate marketing strategies. This is suggested by the fact that there exists significant difference between the users of brand extensions with various levels of experience on the selected dimensions of brand extension preference.

- Brand managers need to understand that consumer perception towards brand extensions differ on their level of knowledge and awareness which is influenced by their personal factors. Marketers need to chart out appropriate communication plan
to improve the level of awareness for brand extensions among consumers.

- Appropriate branding strategies could be considered for consumers belonging to different socioeconomic classes in order to develop a positive perception towards brand extensions.

- Extensions shall be positioned in the market cautiously without weakening the parent brand otherwise; it would lead to developing negative perception for brand extensions.

- Marketers ought to understand the importance of cognitive learning process in influencing consumer preferences for brand extensions especially in a competitive market. Consumers get enough information through various sources before purchasing brands/brand extensions.

- Even in case of low involvement product categories consumers seek for more features and take effort in comparing with competing brands, especially among females. It is suggested that marketers could provide more benefits to consumers in terms of innovative packaging for ease of usage and through other value additions.

- Since, consumers learn from their experience of using brand extensions, it would be better if marketers focus on offering trial samples in order to improve consumers’ exposure to new extensions.

- Marketers need to keep away from exaggerated claims through advertisements since, today, consumers are no longer
gullible and passive with respect to evaluating brand features as claimed in advertisements.

- The findings suggest that extensions need to have a logical fit with the parent brand. Marketers need to ensure that brand extensions shall match with consumers’ expectations in terms of complementarities, substitutability with the parent brand.

- In order to create a logical fit between the parent brand and extensions, FMCG companies need to ensure that brand extensions shall be positioned to communicate similar properties of the parent brand.

- Marketers need to create a perception in the minds of consumers that skills used for producing brand extensions are the same as that of the parent brand. This is possible through developing the right image and personality fit between the parent brand and extensions.

- Marketers should understand that even unrelated extensions can bring in good returns to an organisation. It depends upon how effectively an organisation executes its strategies to create an emotional bond with the market offerings.

- Companies shall focus on producing extensions that are moderately difficult to produce and develop. This would help to maintain the individuality of a brand as well as to win the confidence of consumers.

- Marketing strategies of durable FMCG companies could give more emphasis on communicating the durability aspect of the parent brand/ extensions. Whereas, non-durable FMCG
marketers can focus more on the reliability aspect of the parent brand/extensions.

- It is better if brand managers pay attention for improving the performance of the parent for attracting consumers towards brand extensions.

- Marketers need to ensure that their product offering (extensions) should match with the attribute associations of the parent brand. For this, marketers need to identify the major attributes consumers attach to the parent brand.

- Marketers need to monitor the market sentiments closely before introducing brand extensions. It is suggested that they can think of launching brand extensions once the parent brand gets established in the market.

- Market shall have reasonable time to evaluate the parent brand before an extension is launched. Brands should not be extended unless they are well-known, have high awareness and good reputation among the new target market.

- Brand managers need to focus on developing extensions that are innovative in nature. Due to the changes in lifestyle and living habits, today, consumers look for new ideas and experience from a brand. Since, Indian consumers are more value conscious, innovation should focus on value addition at affordable cost.

- Marketers need to understand that advertisements are very essential for all products under a brand name although brand extensions create brand awareness.
Marketers could think of advertising extensions having similar properties in a single advertisement in order to reduce the advertisement expenditure. When consumers watch/see advertisements frequently, they tend to develop more positive attitude towards the brand.

Marketers shall try to build as many positive associations as possible at all points where consumers come into contact with the brand and the extension. As the number of positive associations increase, the memory structures get richer and will lead to higher brand equity.

It would be better if brand managers understand that, brand extension shall open a category for the firm. The whole point of brand extension is to efficiently and successfully enter a new category.

Brand managers need to carefully investigate potential negative feedback effect before launching brand extension that deviates from the concept of the parent brand.

Brand managers can take certain action to minimise the risks and maximise the rewards of brand extensions. They may pretest the brand extensions in select markets or in lab settings before launching them in a large scale.

Whenever a new product is presented for evaluation consumers take into account brand concept consistency between the parent and extended brands. This suggests that marketers need to look at product categories that fit with certain concepts that are common to both the parent and extended brands.
• Brand extensions shall never compromise on the quality and image perceptions consumers associate with the parent brand. It is suggested that a parent brand enjoying high level of market reputation/personality shall not enter into low cost extensions.

• Price setting for the extended brand must be given due importance in order to attract potential customers. Considering this fact marketers need to pack products with maximum features/benefits in order to win consumer attention.

• Higher price brands may be associated with more product features/benefits and higher quality. This can result in positive feelings towards the brand. Consumers are no longer gullible; they are very clever in making purchase decisions.

• While extending into new product categories, marketers need to ensure that the products provide usage convenience to customers. Organisations may consider modifying the product packaging and design to suit customer convenience.

• Brand extensions that could create confusion or a negative image for the parent should not be undertaken by the marketers. At the same time, brands should not be stretched to too many diverse categories risking dilution in the long run.

• Companies need to be very cautious while entering into too many extensions since failure of brand extensions may damage parent brands’ perceived quality. Entering into too many extensions can lose parent brands’ unique identity too.
● Marketers ought to understand the need to avoid entering into too many variants of a brand. Consumers may find it difficult to identify and get convinced the real benefit offered by the brand variants.

● Brand extensions that do not create positive synergy for the parent brand shall not be pursued by a marketer. This can avoid undesirable attribute association with the parent brand, avoiding dilution of parent brand image.

● Marketers may resort to demarketing strategies for the extensions for a shorter period of time in case of parent brand’s image being diluted by brand extensions. This would provide adequate time for parent brands to regain their lost glory and to win customer attention.

5.3 SCOPE FOR FUTURE RESEARCH

Firstly, future studies should focus on larger samples taking into consideration the vast cultural and sub-cultural differences among the people of India and probably across the country which may reveal better picture on consumer perception and preferences.

Secondly, future researches could take into consideration those respondents who do not have a minimum undergraduation as the educational qualification since it cannot be said that people without an undergraduate qualification may not be brand conscious.

Thirdly, future researches could consider respondents who are not aware of brand extensions as their perceptions and preferences could vary.
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.

Lastly, future studies could focus on capturing cultural values and beliefs on consumer preferences.

5.4 CONCLUSION

Brand extensions are not a western phenomenon but have become prevalent in India too, in the recent past. Given the cultural differences in their attitudes, values and behaviour of consumers, this study enables on to see the pattern that is emerging in an industrialising and urbanising society like India. This study is among the pioneer and micro analytic tests of hypothesis provides insights into important factors governing consumer behaviour. An important contribution of this study is that it proposed and tested hypothesis establishing the relationship between the various factors affecting consumers and their preferences/perceptions for brand extension using a non western sample.

Notably, this study identifies the factors influencing consumer preferences for brand extensions. Studying differences among consumers belonging to different socioeconomic classes on factors influencing their preferences for brand extension is a significant contribution and so is the examination of the differences among users with various levels of experience. At the same time, this study tries to find out consumers’ perception towards extended brand and their impact on parent brands’ image. 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, this study on consumer preferences/perception for brand extensions and their impact on parent
brands’ image; their antecedents beyond the western experience would enable one to see patterns emerging in a country like India. The study signals the emergence of a pattern of consumer behaviour at least among the economically stable and educated consumers.