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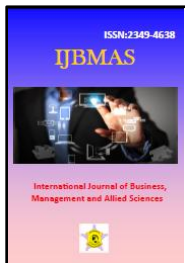
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BRAND EXTENSION AND IMPACT OF PARENT BRAND

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ABSTRACT

Brands are a tool for the consumer to develop pictures and emotions in their mind, and when involving a brand extension, a perception of the company as such. The different brands create different images in the mind of the consumer which makes it possible to distinguish competing brands (Martinez et al 2004). When consumers get in touch with a brand, they will consequently have affect associated with it. As a result, a perception of a certain parent brand is transferred to the brand extension. In other words, an extension could be seen as a part of a parent brand's mental category in the consumers' minds (Bhat et al 2001). This study is to ascertain certain facts.

Keywords: brand, extension, parent brand and perception

INTRODUCTION

In order for a brand extension to be successful it should create some of its own brand equity into the new product category. Additionally, it is important for the extended product to generate additional equity for the parent brand (Keller 2004). Brand equity could broadly be categorized into two sides with different definitions depending from which aspect it is viewed. Firstly, financially pointing out the value of a brand to the firm and secondly, from a consumer perspective putting its focus on how consumers perceive the brand (Pappu et al 2005). According to Elliot et al (2007), when understanding brand equity as a concept, it must be viewed from a consumer perspective since that is what ultimately will result in increased brand success. It is hence argued that it is the sense of added value among consumers that will influence preferences for a particular brand. Thus financial brand equity is consequently the outcome of customer-based brand equity. Furthermore, to determine the state of health of a certain brand, customer-based brand equity is considered to be a key factor. Except for bringing advantages to the firm, it is also an essential measurement to use when improving and affecting a company's brand perception (Pappu et al 2005).

OBJECTIVE:

- To study the influence of parent brand on brand extension literature
- According to this author, customer-based equity is defined by "the differential effect that customer knowledge about a brand has on their response to marketing activities and programs
- The two most important sources of this concept, that produce brand knowledge and ultimately change consumer response, are brand awareness and brand associations (Keller 2003).

Parent Brand Affect

Brands are a tool for the consumer to develop pictures and emotions in their mind, and when involving a brand extension, a perception of the company as such. The different brands create different images in the mind of the consumer which makes it possible to distinguish competing brands (Martinez et al 2004). When consumers get in touch with a brand, they will consequently have affect associated with it. As a result, a perception of a certain parent brand is transferred to the brand extension. In other words, an extension could be seen as a part of a parent brand's mental category in the consumers' minds (Bhat et al 2001).

Additionally, Bhat et al (2001) agree that the affect towards the parent brand indeed has a positive impact on the brand extension. Furthermore, associations of the parent brand will come to consumer's minds when encountered with the extension for the first time, proving a transfer of associations. These processes are thus to be considered in the evaluation of brand extensions among consumers.

Moreover, Keller (2003) further highlights the importance of consistency between the extended products and the parent brand regarding the consumers' perception towards the extension. This author argues that strong associations of the parent brand in the consumers' memory should result in a more noticeable connection between the extension and the parent brand.

This concept is defined as the similarities between the parent brand and the extension. Moreover, the perceived fit is further subcategorized into product fit and image fit. The product fit concerns the differences in the product features transferred from the parent brand to the brand extension while the image fit focuses on the transfer of the image (Bhat et al 2001).

According to Bhat et al (2001), the more similar the extension is compared to the parent brand, the more likely the consumers transfer characteristics to the extended products, creating a more positive evaluation among consumers. Moreover, the product perceived fit has relatively little effect among consumers, whereas the image perceived fit has proven to have a more significant influence. Hence, there must be a distinction between associations towards the brand image and associations towards the brand's product category. Park et al (1991) also argue that attitudes towards an extension are higher, not only when there were existing similarity to the parent brand but also when the extensions were in consistence with the brand concept, either functional or symbolic.

Parent brand affect

According to Milewicz et al (1994), it is believed that the effect of a parent brand will be transferred to the brand extension. However, our findings show that this knowledge is not entirely applicable to our results. Furthermore, the author argues that a greater perceived quality of the parent brand will results in higher acceptance of the extension. Nevertheless, this relation was not observed in the case of Fiat, rather proving the opposite. Even though the parent brand, in this case closely related to the car, was perceived to be common and boring, the clothing line was rather recognized as trendy and fashionable.

Perceived fit

As perceived fit is divided into product fit and image fit, these were used when trying to determine to what extent consumers associate the extension to the parent brand. Theory shows that image fit has proven to have more significant influence among consumers, compared to product fit (Bhat et al 2001). This argument was further strengthened by our findings, hence why we have chosen to build our analysis mainly on the image perceived fit. Furthermore, since the product categories of both parent brands investigated are significantly different than the one of the extensions, our findings showed that it is not only difficult but also of limited value to compare the product-related attributes. Thus the perceived product fit will not be given any further dedication. When analyzing our findings through this theory, the following enlightening aspects emerged.

METHODOLOGY

ANOVA for Demographical variable of the Respondents and on Parent Brand Image: ANOVA is conducted in order to understand whether there is any significant difference in opinion of the respondents onParent Brand Image. It has been considered for the study is explained in the table.

H_{01}*:* There is no impact of demographic variables on parent brand image

Table 1 : ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Age In Years	Between Groups	42.827	27	1.586	1.160	.008
	Within Groups	531.864	389	1.367		
	Total	574.691	416			
Gender	Between Groups	4.911	27	.182	.848	.000
	Within Groups	83.410	389	.214		
	Total	88.321	416			
Education	Between Groups	37.151	27	1.376	1.237	.000
	Within Groups	432.609	389	1.112		
	Total	469.760	416			
Occupation	Between Groups	34.940	27	1.294	.977	.002
	Within Groups	515.122	389	1.324		
	Total	550.062	416			
Income Status	Between Groups	41.891	27	1.552	1.204	.000
	Within Groups	501.466	389	1.289		
	Total	543.357	16			

In order to understand whether there is any significant difference in opinion of respondents on Parent brand image, with respect of the demographics i.e. Age, Gender, Education, Occupation and Income in rupees.

It is observed that from the above table, the sum of the squares of the difference between means of different respondents **Ages** and Parent brand image, and the **Between groups** variation 42.827is due to interaction in samples between groups. If sample means are the close to each other. The within variation 531.864 is due to difference within individual samples. The table also lists the F statistic 1.160, which is calculated by dividing the Between Groups Mean square by the Within Groups Mean Square. The Significance level of 0.008 is more than 0.05, so its indicating that null hypothesis can be accepted . so age is no influence on Parent brand image.

The table also lists the F statistic .848, which is calculated by dividing the Between Groups Mean square by the Within Groups Mean Square. The Significance level of 0.000 is less 0.05, so its indicating that null hypothesis can be rejected. so gender is influence on Parent brand image

the sum of the squares of the difference between means of different respondents Education and Parent brand image, and the **Between groups** variation 37.151 is due to interaction in samples between groups. If sample means are the close to each other. The **Within** variation 432.609 is due to difference within individual samples. The table also lists the F statistic 1.237, which is calculated by dividing the Between Groups Mean square by the Within Groups Mean Square. The Significance level of 0.000 is less 0.05, so its indicating that null hypothesis can be rejected. so Education is influence on Parent brand image.

the sum of the squares of the difference between means of different respondents Occupation and Parent brand image, and the **Between groups** variation 34.940 is due to interaction in samples between groups. If sample means are the close to each other. The **Within** variation 515.122 is due to difference within individual samples. The table also lists the F statistic .977, which is calculated by dividing the Between Groups Mean square by the Within Groups Mean Square. The Significance level

of 0.002 is less 0.05, so its indicating that null hypothesis can be rejected. so Occupation is influence on Parent brand image.

HO_2: There is no impact of brand extensions on parent brands image

Table 2 ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Failure of brand extensions damage parent brands' perceived quality	Between Groups	15.131	27	.560	.606	.000
	Within Groups	359.747	389	.925		
	Total	374.878	416			
Too many brand extensions dilute the the parent brand.	Between Groups	25.811	27	.956	1.247	.000
	Within Groups	298.304	389	.767		
	Total	324.115	416			
Brand extensions reduce the sales of the parent brand	Between Groups	26.260	27	.973	.974	.002
	Within Groups	388.503	389	.999		
	Total	414.763	416			
Too many brand extensions reduce brand Visibility	Between Groups	22.038	27	.816	1.026	.009
	Within Groups	309.607	389	.796		
	Total	331.645	416			
A brand loses its unique identity when it enters into multiple product categories	Between Groups	4.495	27	.166	.647	.000
	Within Groups	100.100	389	.257		
	Total	104.595	416			
Brand extensions create undesirable attribute associations	Between Groups	30.334	27	1.123	1.518	.002
	Within Groups	287.815	389	.740		
	Total	318.149	416			
It is difficult making a choice when there are many variants under a brand	Between Groups	62.154	27	2.302	1.614	.000
	Within Groups	554.728	389	1.426		
	Total	616.882	416			

In order to understand whether there is any significant difference in betweenthe parent brands image and Brand extensions, with respect of the parent brand image dimensions.

For the 1st dimension - It is observed that from the above table, the sum of the squares of the difference between means of different respondents Parent brands image dimension like "Failure of brand extensions damage and Brand extensions", and the **Between groups** variation 15.131 is due to interaction in samples between groups. If sample means are the close to each other.

The Within variation 359.747 is due to difference within individual samples. The table also lists the F statistic .606, which is calculated by dividing the Between Groups Mean square by the Within Groups Mean Square. The Significance level of 0.000 is less than 0.05, so its indicating that null hypothesis can be rejected. so Parent brands image dimension "Failure of brand extensions damage parent brands' perceived quality" is influence by Brand extensions.

For the 2nd dimension - The sum of the squares of the difference between means of different respondents Parent brands image dimension like "Too many brand extensions dilute the image of the parent brand ", and the **Between groups** variation 25.811 is due to interaction in samples between groups. If sample means are the close to each other. The **Within** variation 298.304 is due to difference within individual samples. The table also lists the F statistic 1.247, which is calculated by dividing the Between Groups Mean square by the Within Groups Mean Square. The Significance level of 0.000 is less than 0.05, so its indicating that null hypothesis can be rejected. so Parent brands image dimension "Too many brand extensions dilute the image of the parent brand" is influenced by Brand extensions.

For the 3rd dimension - the sum of the squares of the difference between means of different respondents Parent brands image dimension like "Brand extensions reduce the sales of theparent brand and Brand extensions", and the **Between groups** variation 26.260 is due to interaction in samples between groups. If sample means are the close to each other. The **Within** variation 388.503 is due to difference within individual samples. The table also lists the F statistic .974, which is calculated by dividing the Between Groups Mean square by the Within Groups Mean Square. The Significance level of 0.002 is less than 0.05, so its indicating that null hypothesis can be rejected. so Parent brands image dimension "Brand extensions reduce the sales of theparent brand " is influenced by Brand extensions**.**

CONCLUSION

When observing our findings, we can conclude that the extent, to which consumers associate a brand extension to the parent brand, is dependent on the degree of perceived fit observed. Thus if a high-level of perceived fit is obtained, consumers tend to refer more prominently to the parent brand. In contrast, the extension seems to be looked upon as a separate brand when the degree of perceived fit is relatively low. Moreover, the more favorable the parent brand is in the mind of the consumers, the more likely it is for them to refer to it when evaluating the brand extension. However, even though a perceived fit or favorability is not obvious, strong typical characteristics of the extended product can nevertheless be traced back to the parent brand.

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