



Consumer Evaluation Of Brand Extensions: Good To Service And Service To Good

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Brands are assets that can be acquired, licensed, and hypothecated by firms. Brand extension refers to the use of established brand name for introducing new offering. From a brand owner's perspective, usefulness of brand extension strategy includes reduction in marketing expenditure, reduction in risk of new product failure, and improvement in overall asset value of brand.

Studies in literature on brand extensions are from brand owner's perspective, retailer's perspective, and consumer's perspective. Studies within consumer's perspective have focused on attitude toward the brand extension, probability of purchase of brand extension, generalized preference for family brand, revision of beliefs about parent brand, revision of attitude toward parent brand, probability of purchase of parent brand, and demand for parent brand. Studies within consumer's attitude toward the brand extension and revision of attitude toward parent brand have focused on the influence of a variety of factors concerning parent brand, fit between the parent brand and extension, extension product category, and consumer characteristics.

In all the types of studies mentioned above, the brand that is extended and the extension product category are both either good intensive offering (GG brand extension) or service intensive offering (SS brand extension). As recognized by researchers in the literature, there is paucity of studies on brand extension from good intensive offering to service intensive offering (GS brand extension) and service intensive offering to good intensive offering (SG brand extension). In this research, the influence of factors concerning parent brand and fit between the parent brand and extension on consumer's attitude toward the extension are contrasted between (1) GG and GS brand extensions and between (2) SS and SG brand extensions.

Survey design was used for data collection. Based on literature, questionnaire was designed to measure the endogenous and exogenous factors. Data was collected from individual consumers recruited from households in two cities of India. The aggregate sample size obtained for each type of brand extension (GG, GS, SS, SG) was more than 600. Data was analyzed using structural equation modeling approach.

Overall, the results suggest that it may be more advantageous for firms to launch (1) GG brand extension than GS brand extension when quality variance across brand portfolio is high, and product category fit is present and (2) SS brand extension than SG brand extension when quality variance across brand portfolio is high and when attitude toward the parent brand is favorable. In addition to the above findings, contributions of this study to literature also include examination of scarcely explored GS and SG brand extensions, consideration of brand portfolio characteristics as well as consumer traits, usage of real brands, and recruitment of respondents from the general public.