

Survey of the Influence of Brand Extension on Final Brand Image in Food Industries (Manuscript Number: 2156)

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ABSTRACT

In present age, because of a great diversity in people's interests and preferences, organizations are increasingly seeking to provide new products which respond to these interests. On the other hand, increasing costs of introducing new products with new brands drives managers toward employing appropriate strategies in order to reduce those costs. One of such strategies is product brand extension and from every 10 products, 8 ones are introduced to the market in this way. Also in present competitive market retaining current customer is less costly than recruiting new ones. Thus encouraging current customers toward using firm products more frequently is an obvious and rational thing. This forces the firms to use strategies which lead customers to purchase more frequently in addition to retaining them. On the other hand, accepting a new brand by consumers and establishment of it in the market take too long while success of introducing a new product with a previous known brand is more likely because the product is quickly recognized in market, faces with early acceptance and can enter new product classes easily. The above said points are some of the reasons for employing brand extension strategy. Present research was conducted with the aim of examining the effect of product brand extension on product brand image.

KEY WORDS: brand extension, brand image, brand loyalty, image fit, brand awareness.

1- Introduction

One of the new management orientations is towards brands and managing them. This approach is of vital and significant status in all manufacturing firms. Today managers should pay special attention to their most valuable capitals i.e. their brands in order to improve and develop their performance. There are various strategies for choosing proper name for new products; some firms employ current product brand and others prefer a new brand. Employing current products band also known as band extension is one of the strategies being widely used today.

One of the questions the firms facing with is that how the new products with original brand influence brand image of customers. In fact, firms are seeking to find out whether employing brand extension improves the brand image or degrades it. On the hand, another question the firms facing with is that in the case the new product is not in the same group of existing ones, whether the influence on acceptance of brand extension strategy would be positive or negative.

According to literature, many factors may contribute to the effect of initial brand image on brand extension and also the effect of brand extension on final brand image some of them consisting of: perceived quality of brand extension, trust in brand, value obtained from brand extension, brand personality, initial and final brand image fit, brand loyalty, brand awareness, etc. The present study seeks to examine the effects of image fit, brand loyalty and brand awareness on brand extension strategy and the effect of the latter on final brand image.

Research purpose: Main purpose of the research is to evaluated the effect of product extension on brand image and find put the factors moderating this effect.

A study conducted in 1995 examined the effect of brand equality on success of brand extension. Pitta and Katsanis (1995) explained the quality of storage of associations in consumer memory and retrieval of it as necessary various aspects of associations including features, resources and attitudes are discussed in present research and the researchers believe that positive associations being created in consumers' minds should be unique, strong and above all, pleasant and favorable. The results showed that it is better to pay attention to preferences and demands of consumers before making decisions on employing brand extension strategy because those associations and beliefs which firm wants to rely on may not be of major importance from consumers' view points (Pitt and Katsanis, 1995). Another research conducted by Han in 1998 examined brand extension strategy in competitive

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environments. The author believed that previous research was conducted in a competitive vacuum; in other words, the effect of association and similarity were studied without paying attention to competitive environment. Results showed that the type of advertising about brand extension is one factor contributing to identification of the perceived fitness between original brand and new product. If the perceived fitness is high, consumers may prefer non-comparative advertising view because new product is already in a close relation with original brand and thus there is no need to reduce distance between new product and competitors (Han 1998). Another research by Bhat and Reddy (1999) in San Francisco, USA was conducted to "examine the effect of parent brand association characteristics on evaluation of brand extension. Results showed that consumers tend to assign weights to each feature and association of new products being derived from original product based on their subjective evaluation about importance of individual features in achieving a cognitive evaluation of associations. This cognitive evaluation for different features are pooled together so that a cognitive structure is formed (Bhat and Reddy, 1999). "Influence of brand extension strategies on brand image" is title of another research by Martinez, Polo and Chernatony (2007). The research proposed and tested a model for examining the quality of influence of brand extension on the brand image. It should be noted that the selected brands were international ones. The relationship between variables related to brand extension strategies in Spanish and English markets were studied so that it can be detected if those strategies exert similar effects on brand image in these two countries or not. Selection of Spain and England was because of their similarities from economic development perspective and their differences in relation to cultural factors. Brand image was discussed from two aspects of general brand image (GBI) and product brand image (PBI). Results showed that perceived fitness between brand and new product influences PBI but not GBI after brand extension (Martinez & et al 2007). Another research titled "influence of brand association on consumer response" (Rio, Vazquez and Iglesias 2001) examined brand image based on benefits which connects consumers to the brand. The main emphasis was on association of consumers related to the brand. Results showed that analyzing various dimensions forming brand image is interesting for firms. Any of these dimensions may have various effects on probable responses of consumers in dealing with brand and new product (Rio & et al 2001). Martinez & Pina (2003), in a research titled "Negative influence of brand extension on parent brand image" in Spain examined the negative effect of brand extension strategy on brand image as the study title shows. Results showed that brand managers should keep in mind that brand extension strategy via offering high quality products similar to previous products is supported and it can strengthen brand image and in turn increase brand equity which is a valuable asset in today hostile environment for managers (Martinez and Pina, 2003). An Iranian study by Rabiei (2003) titled "influence of brand extension strategy on consumer's attitude toward new product" examined the factors influencing formation of consumer's attitude. Results verified that various kinds of subjective features in relation to brand major products were mainly functional features. Indeed functional features e.g. quality and benefits were more important to consumers than symbolic ones (Rabiei Mahboubé 2003).

2-METHODOLOGY

Basically the purpose of choosing the methodology employed for the present study was to select a method allowing the researcher to answer research questions in a more accurate easier, faster and cheaper way (Farhangi & Safarzadeh 2008, p.269).

Research method was a descriptive-survey one in relation to collection of information and was an applied one in relation to research purpose.

Information required by the research was collected in library and field method. Thus secondary information based on the research theoretical grounds was extracted from existing books, specialized journals articles and dissertations and primary information required by research was obtained using questionnaires and interviews.

Statistical population for the research was chosen as Qazvin city population. Subjects were similar from demographical viewpoint. Subject ages ranged from 18 to 60. Sampling method was a clustering one.

Appropriate statistical tests e-g Pearson correlation test, were used as needed. Also software SPSS was used for data analysis.

3- HYPOTHESES

- H1. Brand awareness has a direct positive influence on initial brand image.
- H2. Initial brand image has a direct positive influence on brand loyalty
- H3. Brand awareness has a direct positive influence on brand extension attitude.
- H4. Initial brand image has a direct positive influence on brand extension attitude.

- H5. Brand loyalty has a direct positive influence on brand extension attitude.
- H6. Initial brand image has a direct positive influence on the extension brand image perceived fit.
- H7. The higher the extension-brand image perceived fit, the more favorable the attitude towards the extension.
- H8. Initial brand image has a direct positive influence on final brand image.
- H9. The attitude towards the extension has a direct positive influence on final brand image.

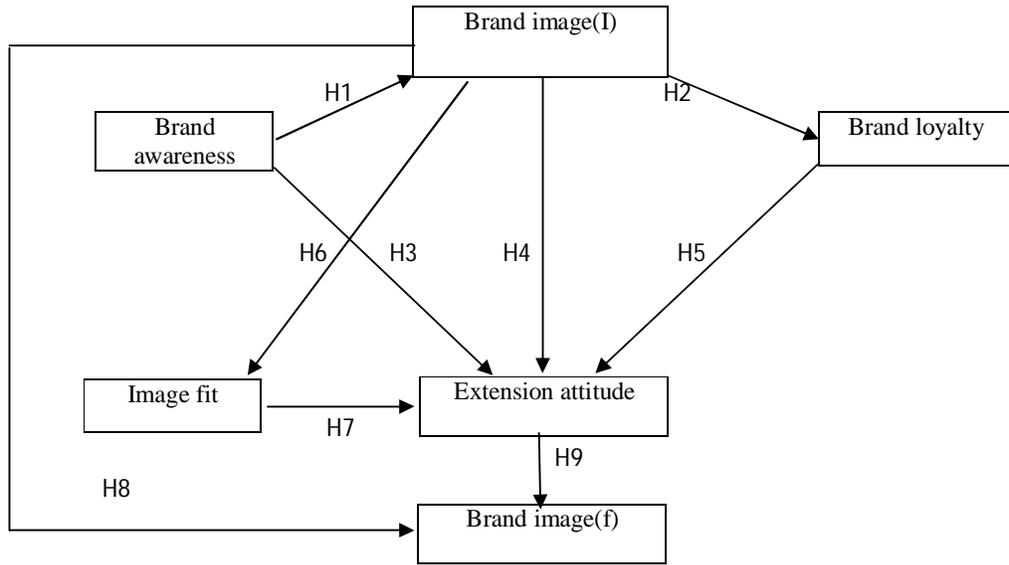


Figure 1. Conceptual framework

-Brand extension: It consists of using existing brand for a new class of products (Seltene and Brunel, 2008).

-Brand image: consists of sum of perceptions towards a brand as established in customer’s memory via association of ideas (Hawkins & et al 2007, p.351).

-Image fit: this concept suggests the fact that the image created by new product in consumer mind to what extent fits the associations in his/her mind (Salinas & Perez, 2008).

-Brand awareness: It consists of potential ability to purchase in relation to recognition or remembering of the product class a brand belongs to and it play a significant role in costumer decision making in order to obtain learning advantage , consideration advantage and selection advantage (Atilgan & et al, 2005).

-Brand loyalty: costumer attachment to a certain brand (McMullan, 2005).

4-DATA ANALYSIS

In order to test hypotheses, Pearson correlation test was used and H1, H2, H3, H4, H5, H6, H7, H8 and H9 were supported. The results are shown in the following table :

Table 1. Pearson correlation test for Hypotheses

Hypotheses	Effect of ... on ...	Correlation coefficient	Significance level	N
H1	Effect of brand awareness on initial brand image	0.486	0.000	384
H2	Effect of initial brand image on brand loyalty	0.420	0.000	384
H3	Effect of brand awareness on attitude toward brand extension	0.319	0.003	384
H4	Effect of initial brand image on attitude toward brand extension	0.268	0.014	384
H5	Effect of brand loyalty on attitude toward brand extension	0.377	0.000	384
H6	Effect of initial brand image on perceived image fit	0.224	0.042	384
H7	Effect of image fit on attitude toward brand extension	0.391	0.000	384
H8	Effect of initial brand image on final brand image	0.391	0.000	384
H9	Effect of attitude towards brand extension on final brand image	0.571	0.000	384

5- RESULTS AND DISCUSSIONS

In examining significance of values obtained from model, if significance level of test is less than 0.05, then there is a relationship between variables and the quantitative value of the relationship is determined by correlation coefficient. Thus hypotheses tested in present research and the results obtained from testing of them (according to table 1) are as following :

Brand awareness has a direct effect on initial brand image. There is a positive and significant relationship between brand awareness and initial brand image i.e. initial image improves with increase in brand awareness.

Initial brand image has a direct effect on brand loyalty. Statistical results for H2 suggest that initial brand image has a significant effect on brand loyalty (a customer attachment to a brand), i.e. brand loyalty increases with improvement of initial brand image and vice versa.

Brand awareness has a positive and direct effect on attitude toward brand extension. Statistical results of H3 suggest that there is a positive and significant relationship between brand awareness and attitude toward brand extension, i.e. brand awareness of costumers before employing brand extension strategy influences their attitude toward brand extension.

Initial brand image has a direct and positive effect on attitude toward brand extension. This hypothesis states that customers brand image before employing brand extension strategy influences their attitudes toward brand extension. Now, if that image is a favorable and acceptable one, the attitude of individuals toward brand extension strategy is favorable too. But if brand image is not especially favorable, that would be the case in relation to their attitudes toward brand extension too.

Brand loyalty has a direct and positive effect on brand extension. This hypothesis suggests that brand loyalty has a significant effect on attitude toward brand extension, i.e. attitude of individuals towards brand extension becomes more favorable with increase in brand loyalty and vice versa.

Initial brand image has a positive and direct effect on perceived image fit. This hypothesis suggests that if individuals have a favorable brand image, the image created after introduction of new product in their minds would be perceived more fitted to initial brand image by them; in other words, consumers connect the extent of image fit after employing brand extension to their initial brand image in relation to favorability of that brand and establish a direct relationship between them.

The more the perceived image fits with initial product, more favorable attitude toward brand extension would be. In relation to brand "Kale", the extent of similarity between initial brand image with the image created after introduction of new product is an effective factor in favorability of attitude toward brand extension strategy. Attitude favorability means that high similarity between two above said images leads to the fact that individuals have an accurate attitude toward brand extension strategy.

Initial brand image has a direct and positive effect on final brand image. Favorable initial brand image makes the image created in consumers' minds after new product introduction favorable too; but if initial brand image is not so favorable, also final brand image would not be so favorable as a result of it.

Attitude toward brand extension has a positive and direct effect on final brand image. Consumers' perception of brand extension strategy influences their final brand image, i.e. if individuals have a favorable attitude toward brand extension their brand image would also be favorable. The result of this study is align with research result of Pitt and Katsanis (1995),

Han (1998), Bhat and Reddy (1999), Martinez & et al (2007), Rio & et al (2001), Martinez and Pina (2003), Rabiei Mahboube (2003).

6-Conclusion and Suggestions

-considering H1, H2, H4, H6, H7 and H8 it is observed that consumers' brand image is an influential and determining factor in relation to many variables; thus it is better for firm to inform about the brand image of consumers before introducing brand extention strategy because this image anyway influences the image being created in consumers mind after using new product.

-Attitude toward brand extension, brand loyalty, image fit and final brand image are among the factors being influenced by initial brand image. This reveals the importance of paying attention to initial brand image completely, because lack of attention to this variable can lead to failure of new product and huge costs incurred by the company.

-Among the other reasons for significance of initial brand image is that the extent of similarity between final brand image and initial brand image would influence the type of consumer attitude toward brand extension; Thus it is necessary for firms to consider whether new image created by new product is similar to and matched with initial image while employing brand extension strategy.

* It is recommended that firms consider attitude of consumers toward brand extension and new product before employing brand extension and new product before employing brand extension strategy because consumers' attitude influences creation of image after using new product.

-A strong brand image distinguishes the brand from other ones. Thus just like brand loyalty, brand image is also a main factor in managing firm brand. By awareness of this fact, managers should keep in mind that may be a customer prefers a brand just because having a distinct brand image of it. Therefore it is recommended that managers try to improve brand image continuously.

-Given the obtained results, managers and marketers should try to economize and reduce costs and should not change their brand easily because that incurs huge costs e.g. marketing costs, positioning costs, advertising costs, costs of finding proper distribution channel, etc. On the other hand, acceptance of new brand by consumers and establishment of it in market take too long.

-Key of increase and maintenance of market share is not only to recruit new customer but also to keep current ones. Brand loyalty is one of the most significant competitive tools because loyal customers conduct transactions repeatedly and bring more profit and market share to company and because one of the major factors in relation to brand loyalty is product quality, thus marketing researchers and practitioners should try toward enhancing quality of products offered to consumers.

-Results of present research show that one factor being effective in improving brand loyalty is brand awareness. In other words brand loyalty increases with increase in brand awareness. Thus managers can enhance their firm brand awareness via marketing activities e.g. advertising, informing, public relations and other tools. Also marketing managers can obtain customer loyalty by providing services other competitors are not able to offer.

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