An Empirical Investigation of the Factors Influencing the Brand Extension of Lifebuoy

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Abstract
This paper investigates the factors affecting the brand extension of lifebuoy i.e. Brand equity, Brand loyalty, Brand image, customer innovativeness, Similarity fit, Brand association and Consumer behaviour. Quantitative approach was utilized in this paper. Data was collected from 150 students enrolled in graduate and post-graduate level programmes in Department of Management Sciences, The Islamia University of Bahawalpur, through convenience sampling approach with the help of structured verified questionnaire. A series of statistical techniques i.e. Cronbach’s alpha, Multicollinearity, Correlation and Regression analysis were applied with the help of software SPSS. The results depicts that extensions into same categories to the original brand tends to be readily accepted. Brand equity and Brand loyalty increases after successful brand extension and are highly positive correlated with brand extension. It also showed the relationship between the brand image and brand extension. Customer innovativeness and consumer behaviour speeds up after successful brand extension. Results showed that Similarity fit have positive effect on brand extension, and also brand extension increases with brand association. Important guiding principle for future research would be to include large pool of respondents for in-depth analysis to understand the effect of culture also. It is suggested that companies should launch extensions with high similarity fit. Moreover, greater effort is required to extend low equity brands. Finally, companies need to know what the perception of consumers about their brands is, and how they evaluate it. It is noted that feedback effects of the same brand extensions can vary due to cultural differences between consumers.

Keywords: Brand Extension, Brand Similarity, Consumer Behaviour, Innovativeness.

1. Introduction
It is considered that in 1950s branding became integral part of marketing strategy. However, companies had started to realize the good will value of their brands until 1990s (Nijssen, 1999). First article about brand extension was written by T. Gamble in 1967 who gave an idea about how brand extension will change marketing in future.

There are so many companies in the FMCG (Fast moving consumer goods) segment, who are going to use brand extension strategy to maintain their long term growth and boost the market share, to attain the cost efficiency and avoiding from risk of failure of launching a new brand.

Brand extension helps achieving market share faster than launching a new brand because of the existing stature of the parent brand.

Many companies in the FMCG segment who have extended their parent brand like “Dettol” antiseptic (parent Brand) extended to Dettol Dish Washing Gel, Dettol Soap; “Dove” soap (parent Brand) extended to Dove Hair Oil, Dove Shampoo, Dove Conditioner, Dove Moisturizer (Saha, 2014)

Introduction of a new product is commonly done through brand extension. The
newly launched brand extension exploits on the equity of the already recognized (core) brand name (Katsanis, 1995). Brand extension is a phenomenon of "using the leverage of a well known brand name in one category to introduce a new product in a different category."

Marketing costs and failure rates are abridged as a company introduce a new product and market under the umbrella of a well recognized brand name (Keller, 1993). Brand extension is a way of marketing goods and services, which is used by more than 80 percent of the firm (Keller, 1993).

Consumer familiarity, with the existing core brand name, is salient for helping the entrance of a new product into the marketplace and helps the brand extension to detain new market segments speedily (Milewicz and Herbig, 1994; Dawar and Anderson, 1994).

According to Aaker and Joachimsthaler (2000), disparate extension naming strategies, such as direct and indirect naming strategies (Vanhonacker, 2007) will express disparate meanings to consumers, and thus they may have disparate outcomes on the transport of brand personality.

The strategic role of brand extension has long recognized by the firms in the business world. Through a brand extension strategy, many firms gain brand equity. In this paper, many authors such as Aaker, (1991) Martinez & Pina, (2010), Lee, Lee, & Wu, (2011) Lee, Cheng, Lee, & Jain, (2012), and Bilgin, (2011) discuss the discipline of brand extension and also examine the brand extensions process with brand extension strategy. Various factors that may lead to success or failure of brand extension are Brand equity, Brand image, Brand association, Brand loyalty, Similarity fit, Consumer behaviour and Consumer innovativeness.

2. Literature Review

Brand extensions refers to “The practice of using current brand names to enter different product categories" (Aaker and Keller, 1990). Whereas, Kotler (1991) defines brand extension as "Any effort to extend established brand names to launch new or modified products or lines". For the entrance of one product class to another product class, brand extension involves the use of well known brand name (Aaker, 1990; Tauber, 1988).

In the middle age of (476-1492), Branding was started in Sweden, when the ruling economy was the agrarian and goods were taken out from the natural world: vegetables, mineral, animal, etc. A brand was the action of burning a symbol into the flesh of a Norse in order to show possession of the animal. Entomology tells us that the word "brand" is a decadent of the Old Norse word "brandr". The Vikings may have distributed the word "brandr" in England, where it was ultimately integrated into daily language (Cancino, 2011).

Kotler (1991) defines “brand extensions in a holistic approach to include extensions of brand names to new or modified products or lines”. This new product is termed as “extended product”, the brand of the extended product is delineated as “extension brand” Lee Cheng, Lee, & Jain, (2012). There are two primary forms of brand extension strategy: horizontal and vertical. In a horizontal brand extension form, the introduction of new product in either a related product class or in a product category completely new to the firm, an existing brand name is applied (Sheinin and Schmitt, 1994). On the other hand, a vertical brand extension deals with introducing a brand extension as a core brand in the same product category but at a different quality level and price point (Keller and Aaker, 1992; Sullivan, 1990). There are two feasible alternatives in vertical extension. The brand extension is
introduced at a higher price and quality level than the core brand (step-up) or at a lower price and lower quality level than the core brand (step-down). In a vertical brand extension position, in order to reveal the association between the brand extension and the core brand name, a second brand name or descriptor is generally introduced along with the core brand name (Chen & Liu, 2004).

Ahmed, Mujeeb & Rajput (2007) explained that the most significant deliberation for introducing a new product is to get more market share and boost their net profit margin by using the entrenched brand name. Many companies apply the copy of existing brands in new markets and introduce new products. Brand extension prestige a firm's most worthy hidden asset, its brand name (Tauber, 1981). Despite of introducing a new product under the new product name, companies prefer brand extension (Amble et al. 1997). A flourishing brand helps a company to go into new product categories more easily (Sundar & Prabha, 2012). The brand extension literature exhibits that brand extensions can have an effect on both the general brand associations (Martínez and de Chernatony, 2008) and the beliefs in specific attributes (Keller and Aaker, 1992; Loken and John, 1993). Perceptions linked to the brand personality (Diamantopoulos et al., 2005).

Ambler and Styles (1997) suggested that it is significant for making a brand’s positioning easy and successful; companies should have knowledge of its brand, extension techniques, its mechanism and implementation in market.

3. Literature Research Model and Hypotheses

3.1 H1: Brand equity increases after successful brand extension.

Brand Equity

Brand equity may be defined as “The differential effect of brand knowledge on consumer response to the marketing of the brand” (Keller, 1993). It is a complex task to assess brand equity in global markets (Martínez I. B., 2013). It is seen that brands are successfully extended by firms having high brand equity (Rangaswamy et al, 1993). Consumer evaluates brand extension on the basis of brand equity (Czellar, 2003). Brand equity research based on consumer was developed by Keller (1993). Brand equity is more like a consumer state of being familiar and having favorable and special brand associations (Katsanis, 1995). An unsuccessful brand extension has negative effect on core product which is termed as “brand equity dilution” (Loken and Roedder John, 1993). Repeated successful extensions might decrease core product's brand equity which is termed as “brand equity wear-out”. Cost-benefit analysis of the value of extension can be measured by consumer-based brand equity (Katsanis, 1995). A set of factors that contribute to the development of brand equity had given by Aaker (Aaker, 1996). The brand linked with different associations in memory develops brand awareness (Keller, 1993). The actions of consumers derive the value of brand in the market. There are five brand equity assets that are essential for value creation which includes brand loyalty, brand awareness, perceived quality, brand association and other proprietary brand assets (Lee, Lee, & Wu, 2011).

3.2 H2: Brand loyalty increases after successful brand extension.

Brand Loyalty

Brand loyalty is "an attitude towards the desirability of an object based on the person's feelings and emotions". Consumers, who are loyal to the parent brand more likely to keep the existing relationship and are ready to try the new extension products (Choi, 2009).Brand extension does not guarantee the products success however consumer packaged goods has been increasingly adopting extension (Aaker and Keller, 1990). So it
is crucial for firms that consumers are willing to accept brand extensions (Xie, 2008). Brand loyalty is considered as an important variable in assessing the value of a brand (Aaker, 1991). "Loyal consumers are not price sensitive and they have knowledge about new products. They use to buy new products in the marketplace (Goldsmith and Hofacker, 1991). Consumer who is brand loyal is more likely to purchase products again and again and avoid making purchases from competitors' brands (Yoo et al, 2000). Brand loyalty somehow establishes a barrier for new competitor firms to enter and thus make the basis for price premium (Aaker, 1996). So customer loyalty is directly related to brand equity. Brand loyalty also affects marketing costs as it costs more to attract new customer than to retain old customer (Wood, 2000). Loyal consumers also make a barrier by which competitors cannot enter into the market easily (Keller, 1998).

3.3. H3: There is relationship between brand image and brand extension.

Brand Image

Brand image is defined as "the perceptions about a brand as reflected by the brand associations held in consumer memory" (Keller, 1993). Brands are important assets. They provide an opportunity to firm to increase their corporate strength and they are source of developing a unique place in consumer mind and hearts. It is considered to be important for a firm to develop brand strategy that create favorable image for its brands (Martinez, Polo & Chernatony, 2008). The extension attitude will be positive if the brand image is associated with high-perceived quality (Volekner and Sattler, 2006). Similarly, the extension attitude will be better if the consumer have affection for the brand (Sheinin and Schmitt, 1994). In understanding attitude towards the extension; brand image plays an important role. A positive brand image increases the possibilities of a successful extension. "A brand extension strategy can be regarded as a way to optimize relationships with customers" (Davis and Halligan, 2002), so it is necessary to recognize how the extension influences their attitude towards the brand image. Brand image is a basic aspect for knowing consumer attitude toward brand extensions, since brand perception increases by the credibility of the new product (De Ruyter and Wetzel, 2000). It is understood that the brand extensions may have positive or negative influence on a core brand's image (Diamantopoulos & Grime, 2005). Brand image is created by consumer's knowledge and his beliefs about the brand's various products in market. Brand image reflects the personal symbolism that a customer or consumer link with brand, which include all the evaluative and descriptive information about brand (Lee, Lee, & Wu, 2011).

3.4 H4: Customer innovativeness becomes greater after successful brand extension.

Consumer Innovativeness

When launching new line extensions, the innovativeness of a product or service as perceived by the consumer, represents a key communication factor (Keller and Aaker, 1992). The process of consumers purchasing and learning in the marketplace is affected by consumer innovativeness (Xie, 2008). Late adopters are likely to accept high-fit brand extensions whereas early adopters are likely to accept low-fitting extensions (Klink and Smith, 2001). It has been found that innovativeness is important brand image association since it influences consumers' decision on evaluating products (Brown and Dacin, 1997). Innovative consumers want to get information about different and new products (Hirschman, 1980). Quelch and Kenny (1994) argue that a new brand develop an appeal for the products, spread risks, and minimizes the possibilities of brand image dilution. It gives an idea that consumer perceived innovativeness, draws positive perceptual inferences about a firm's competence, its overall expertise (Keller and Aaker, 1992).
Brand extension is somehow a way to minimize risk associated with purchasing a new product (Smith and Park, 1992). In this sense, some authors came across that higher consumer innovativeness capitalizes perceived quality and purchase intention of tangible products and new services (Volckner and Sattler, 2006). Highly-innovative consumers find far extensions appealing (Xie, 2008) and thus do not feel shy in trying products that get away from the company's core business.

3.5. H5: Similarity fit have positive effect on brand extension.

Brand Similarity

Brand similarity defined as "The degree of resemblance of consumer perception between extended and parent brand" (Smith & Park, 1992). Brand extension would have greater chances of possessing the attributes of core brand if level of similarity is high between parent brand and extended band category (Aaker & Keller, 1990; Park et al., 1991 and Boush & Loken, 1991). A brand extension in a new product category is viewed as a new occurrence that can be more or less similar to the brand and its existing product line (Abideen& Latif 2011). For successful extensions it is important that there should be a logical fit between parent brand and extension category. Logical fit helps consumers to shift the positive affect made by parent brand to extensions (Aaker and Keller, 1990; Bottomley and Holden, 2001; Broniarczyk and Alba, 1994; Keller and Lehmann, 2006; Klink and Smith, 2001; Volckner and Sattler, 2006, 2007). Similarity fit is an approach to understand the extent to which customer perceives that extended product category is similar to the parent product (Smith and Park, 1992). Consumers transfer their association and quality perception to the new product if extension represents high similarity (Buil, Chernatony & Hem, 2008). Similarly consumer will buy more products of brand if it is extended with high fit (Swaminathan et al, 2001). Information about product available in market is a success factor for brand extension (Xie, 2008). Similarity fit affects both the evaluation of extensions and its response effect parent brand (Buil, Chernatony & Hem, 2008). The "fit" between the extension product and the original brand may be described by term "Relatedness" (Bilgin, 2011). A category form when people treat two or more different objects equally (Boush and Loken, 1991). Previous research shows that consumer perception of fit effect the transfer of parent brand associations to the extension (Diamantopoulos & Grime, 2005). Categorical fit can be judged in the current context by the exemplar view of the categorization theory (Lau and Phau, 2000). It is generally seen that consumer attitudes regarding brand extensions can depend on factors such as brand associations, extended category and perceived fit (Pina, 2010). Introducing new product categories avoid the risk linked with creating a new brand, by informing consumers that the positive characteristics related to original brand are also exhibited by the new product (Joanna Barrett, 1999).

3.6. H6: Brand extension increases with brand association.

Brand Association

It is observed that close extensions give higher level of fit that result to close brand association. Previous researches support the idea that brand extension strategies result in the transfer of brand associations from a parent brand to extension brand (Le, Cheng, Lee, & Jain, 2012). Brand extension evaluation have been claimed to be influenced by brand association (Aaker and Keller, 1990). Strong reminders such as contextual cues are important to retrieve and access the information in memory (Keller, 1993). Broniarczyk and Alba (1994) suggested that contextual factors that make the exemplar's attributes salient to consumers would trigger the analytic phase in consumers' minds and thus surpass the non-analytic affect transfer phase. Broniarczyk and Alba (1994) argues that consumer evaluate the brand extension based on the associations of the brand.
3.7. H7: There is an association between consumer behaviour and brand extension.

Consumer Behaviour

The extension would be favorable if consumer thinks that a brand has high quality (Buil, Chernatony & Hem, 2008). Consumer’s attitude regarding brands extension is affected by brand awareness in positive way (Aaker, 1996). Individual's knowledge about brand has a lot to do with his reaction toward extension (Buil, Chernatony & Hem, 2008). It is seen that if concept consistency level is high, consumer would react favorably to extension (Choi, 2009). Zeithaml (1988) argues that consumer’s judgment on the attitude toward brand extension is global assessment which is based on product’s quality perception. Czellar (2003), postulates that association of product quality perception will be shifted to the newly extended product by consumer. Brand extension has become a famous way to introduce new products in market since it leverages the equity of an existing brand into a new product category. A strong brand name in market can minimize the risk of launching a new product in a market as it provides consumers the knowledge and familiarity of an existing brand (Bilgin, 2011). (Martinez & Pina, 2010) proposes that perceived category and image fit will have positive effect on consumer attitude to the extension. At the brand attribute level negative reciprocal effects also exist (Loken and Roedder-John, 1993) but not clear at the overall attitude level (Keller and Aaker, 1992).

![Research Model]

**Figure 1.** Research Model

4. Research Methodology

We have chosen quantitative research method. The reason for choosing a quantitative method for this research is that we wanted to gather maximum data. We used questionnaire that we gave to people, who have been using branded products. We have taken lifebuoy soap as a parent brand, which was not broadly extended previously and single brand was chosen as stimuli i.e. lifebuoy shampoo.

<table>
<thead>
<tr>
<th>Parent brand</th>
<th>Brand extension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifebuoy soap</td>
<td>Lifebuoy shampoo</td>
</tr>
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</table>
Population is defined as “the sum collection of all members, cases or elements about which the researcher desires to obtain conclusions.” Our choice of population is a non-probability. Students were mainly targeted in research. It includes all the students of department of management sciences, The Islamia University of Bahawalpur, enrolled in different programmes. Population of department of management sciences was composed of 1500 students divided into two sessions, i.e. morning session and evening session. Morning and evening session were further divided into two groups each i.e. morning (M1, M2) and evening (E1, E2). Sampling is a technique in which small portion of unit i.e. individual respondents are selected among whole population and results obtained from those respondents are applied to population.

Our choice is made through convenience sampling, which means that we contacted people that we found available. Convenience sampling was used to get responses from students. The respondents were provided with questionnaires. We have collected data from 150 respondents. The equation for sample size $n = \frac{N}{1+N\times e^2}$

Where, $n$ = sample size, $N$ = total population, $e$ is probability of committing errors. When this formula is applied to the above

$$n = \frac{N}{1+N\times e^2}$$

$$= \frac{1500}{(1+1500)\times 0.092}$$

$$= 150 \text{ (approx)}$$

Initially data was collected from ten respondents to check out credibility of an instrument. Necessary changes were made after the analysis of data collected from those ten respondents. Data collection was started after ensuring all the ethical and confidential procedures. In order to collect data, 150 questionnaires were distributed and data was collected personally. Cover letters were attached with the questionnaire that clarifies the nature of the study, as well as assure the respondent’s confidentiality.

Data collection was started after ensuring all the technical, ethical and confidential measures. For the collection of data, 150 questionnaires were used and data collection was done personally from students. Respondents were also supported and guided for filling questionnaire.

Structured questionnaire was used to collect data. It contained total 21 questions. The questionnaire composed of five point liker scale. The data was collected from students in age (18–35) years old in Bahawalpur. First five questions were asked about demographics i.e. gender, income level, age, education, occupation. Next three questions were asked to evaluate brand extension. Two questions were asked to check brand equity after that brand image is evaluated. Two questions were asked about brand association. Two questions were asked to measure consumer innovativeness and then brand loyalty was measured. Similarity fit and consumer behaviour is measured by asking three and four questions adopted from studies of various authors.

Data was entered, edited and analyzed by using software SPSS. Statistical tools such as Cronbach’s alpha, Multicollinearity, Correlation and Regression analysis were applied to analyze the data.

5. Results

For data collection, 160 questionnaires were distributed among students. Out of those 160 questionnaires, only 150 was finally received and found satisfactory for further analysis. So response rate was 93.7%. Cronbach’s alpha was run to inspect the internal reliability of the instrument. The value of Cronbach’s Alpha comes to 0.937 which is above the standard value proposed by Nummally 0.70, this shows that our instrument is reliable and we can apply different statistical tests and interpret the results with
confidence. We tested the Multicollinearity of independent variables in order to see whether the variables are not very much correlated.

Table 1. Multicollinearity of independent variables

<table>
<thead>
<tr>
<th>Collinearity statistics</th>
<th>TOL</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand equity</td>
<td>0.513</td>
<td>1.943</td>
</tr>
<tr>
<td>Brand image</td>
<td>0.335</td>
<td>2.985</td>
</tr>
<tr>
<td>Brand association</td>
<td>0.502</td>
<td>1.992</td>
</tr>
<tr>
<td>Consumer innovativeness</td>
<td>0.465</td>
<td>2.150</td>
</tr>
<tr>
<td>Brand loyalty</td>
<td>0.616</td>
<td>1.625</td>
</tr>
<tr>
<td>Similarity fit</td>
<td>0.550</td>
<td>1.817</td>
</tr>
<tr>
<td>Consumer behavior</td>
<td>0.353</td>
<td>2.829</td>
</tr>
</tbody>
</table>

Collinearity is measured by using the tolerance (TOL) and variation-inflation factor (VIF). If TOL is less than 0.2 and the VIF more than 5 then we can suggest that there is Collinearity. Table 1 shows that maximum VIF is 2.985, which is less than 5 and minimum TOL is 0.335, which is more than 0.2. Thus, these results deduce the absence of Multicollinearity in the research model. The results of the regression analysis thus can be interpreted confidently.

Pearson correlation was run to test the interrelationship of variables and to know if any observed variable has perfect covariance with any other variables, which are observed in the study. We can determine the strength and direction of relationship between two variables by correlation (a statistical tool).

Results suggest that all the variables are positively correlated with brand extension. The most correlated variable was brand equity, with correlation value of 0.733. It was followed by brand image having correlation value of 0.659. Consumer behaviour and brand association comes third and fourth with correlation values of 0.634 and 0.521 respectively. Similarity fit, brand loyalty and consumer innovativeness are fifth, sixth and seventh with least correlated values of 0.515, 0.489 and 0.486 respectively.

Table 2. Correlation Analysis
In this table, in the case of H1, the value of $R^2$ is 0.537; reflects that 53.7% of variance in overall evaluation of brand extension is explained by predictor variable (brand equity). In the case of H2, the value of $R^2$ is 0.239, indicating that 23.9% of variance in overall evaluation of brand extension is explained by predictor variable (brand loyalty). In the case of H3, the value of $R^2$ is 0.434, exhibiting that 43.4% of variance in overall evaluation of brand extension is explained by predictor variable (brand image). In the case of H4 case, the value of $R^2$ is 0.236, showing that 23.6% of variance in overall evaluation of brand extension is explained by predictor variable (consumer innovativeness).

In the case of H5, H6 and H7 the value of $R^2$ is 0.265, 0.272 and 0.402 showing that 26.5%, 27.2% and 40.2% of variance in overall evaluation of brand extension is explained by their predictor variables (similarity fit, brand association and consumer
behaviour). The value of t of all the hypotheses is greater than +2 indicate that there is a positive relationship between variables. Hence all the hypotheses are accepted. So if consumers like lifebuoy soap, then it will lead towards liking of lifebuoy shampoo.

Table 4. Hypotheses Test Summary

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Hypotheses statements</th>
<th>Accepted</th>
<th>Rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Brand equity increases after brand extension</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>H2</td>
<td>Brand loyalty increase after brand extension</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>H3</td>
<td>There is relationship between brand image and brand extension.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>H4</td>
<td>Customer innovativeness becomes greater after brand extension.</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>H5</td>
<td>Similarity fit have positive effect on brand extension</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>H6</td>
<td>Brand extension increases with brand association</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>H7</td>
<td>There is an association between consumer behaviour and brand extension.</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

6. Conclusion

Brand extension is a prevalent brand strategy to introduce new products. This strategy firms to influence the equity related with the parent brand, minimizing the introducing costs of new product and also minimizing the risk of failure of new product. The literature suggests several factors affecting the brand extension. This paper has analyzed the influence of seven key factors on brand extension evaluation: (1) brand equity; (2) brand loyalty; (3) brand image; (4) consumer innovativeness; (5) similarity fit; (6) brand association; (7) consumer behaviour. A summary of research results is as follows.

First, the first factor, brand equity result shows that brands with high brand equity will have positive effect on extension and consumer will accept it without any hesitation. So if lifebuoy needs to extend its brand then it should first create high brand equity among consumers because brand with high brand equity will obtain high recognition. Thus, a brand will have positive brand extensions if it has high brand equity and vice versa.

Second, consumer with high brand loyalty toward parent brand tends to assess the brand and its products. So in order to extend brand, Lifebuoy Company have to analyze whether consumers are loyal to their parent brand or not. Consumers who have brand loyalty regarding the parent brand intend to keep the relationship and are ready to try the new extension products. Brand loyalty is a significant factor when evaluating the worth of a brand as loyalty can translate into profit.

Third, brand image is an essential factor for understanding consumer attitude toward brand extensions. Most consumers make purchase decision on the bases of brand image since the trustworthiness of the new product intensifies when brand perceptions become more favorable. Thus it is suggested that consumer will accept lifebuoy product extension if it has favorable brand image, as brand image reflects consumer beliefs about the brand’s products and its non-product attribute.

Fourth, consumer innovativeness is a term used for the consumers who take risk in accepting extended product. In order to capture consumer innovators, lifebuoy must develop product which satisfies consumer needs to make them loyal and to create positive words of mouth.
Fifth, similarity fit is another factor which influence brand extension. If lifebuoy extend its brand having high parent brand similarity consumer will readily accept it. A high brand similarity leads toward successful brand extension.

Sixth, brand association plays an important role in consumer buying decision. Consumer transfer positive or negative attributes associated with parent brand to extended product. For successful brand extension lifebuoy require positive attributes of parent brand to be associated with extended product.

Finally, consumer behaviour is a very complex phenomenon to understand. For successful brand extension, lifebuoy must have knowledge of how consumers assess brand. It is very difficult task, as consumer behaviour varies from area to area and thus cannot be generalized. However if parent brand have well reputation in consumer market, there will be chances that consumer accept it without any reluctance.

7. Recommendations

Brand Recommendations proposed are as follows. First, it is suggested that companies which make extension on brand similarity bases would have greater chances to market their product and gain market share. Second, when new product is launched in same category it creates high brand fit, and consumer innovativeness. It is recommended that lifebuoy should introduce products in same category. Third, unfavorable brand fit and consumer innovativeness would weaken lifebuoy’s brand image. So lifebuoy should make strategies that maximize the situation. Finally, generally low-fit brand extensions were perceived to be of lower quality than high-fit brand extensions, so it is recommended that company should prefer to adopt high fit brand extension.

There are many implications in terms of practical and theoretical aspects in this study. Practical implications are that first, brand extension approach may have unfavorable impact on the core brand so company should execute it carefully. Second, if companies are interested to launch new product they should design it in such a way that it possess attributes as much as possessed by parent brand.

In addition, theoretical implications are that first, companies, who are going to adopt brand extension strategies should work deliberately on these factors i.e. brand equity, brand image, brand association, brand loyalty, similarity fit, consumer behaviour and customer innovativeness for successful brand extension. Second, managers should be able to develop useful strategies by understanding the effect of these factors on brand extension strategy. In progressive global economy where businesses extend their operations to international markets, complete information of the cultures in which they are competing is necessary.

Finally, this study has several limitations. First, sample collection was not so diverse. Second, frame of study was limited to FMCG product. Third, data was collected from 150 respondents; if data could be collected from large number of respondents then results could be more interesting. Finally, research was conducted in Bahawalpur so its outcomes will only indicate the effect of various factors on brand extension in Bahawalpur, Pakistan. Interesting results may be obtained if we focus on products and services from heterogeneous sectors / industries. Cross-cultural studies may provide thoughtful insights regarding the subject at hand. In the same way, large pool of respondents and comparative

References


