

# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

I  
J  
R  
C  
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

*Indexed & Listed at:*

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.

as well as in Open J-Gate, India (link of the same is duly available at Infibnet of University Grants Commission (U.G.C.))

Registered & Listed at: Index Copernicus Publishers Panel, Poland & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 1667 Cities in 145 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

[www.ijrcm.org.in](http://www.ijrcm.org.in)

# CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	AN INQUIRY INTO THE PRODUCTIVITY OF INDIAN PHARMACEUTICAL INDUSTRY: APPLICATION OF DATA ENVELOPMENT ANALYSIS <i>UMANG GUPTA &amp; ROHIT KAPOOR</i>	1
2.	GLOBALIZATION AND GROWTH OF INDIAN LIFE INSURANCE INDUSTRY <i>SUSHIL KUMAR, NIRAJ MISHRA &amp; SEEMA VARSHNEY</i>	7
3.	ASSESSMENT OF THE LEVEL AND FACTORS INFLUENCING ADMITTED CUSTOMERS' SATISFACTION WITH HEALTH CARE SERVICE IN UNIVERSITY OF GONDAR TEACHING HOSPITAL, NORTH WEST ETHIOPIA <i>DIGISIE MEQUANINT &amp; DR. ASSEGID DEMISIE</i>	10
4.	STOCK MARKET CRISIS AND VALUE RELEVANCE OF ACCOUNTING INFORMATION: IMPACT ON QUOTED CEMENT MANUFACTURING FIRMS IN NIGERIA <i>SAMAILA THOMPSON &amp; ABUH ADAH</i>	16
5.	SERVANT LEADERSHIP: A NEW PARADIGM OF LEADERSHIP IN BANGLADESH <i>MD. SAJJAD HOSSAIN &amp; ULLAH S M EBRAHIM</i>	20
6.	PERFORMANCE ANALYSIS OF INTERNALLY GENERATED REVENUE MOBILISATION IN ABURA-ASEBU-KWAMANKESE DISTRICT ASSEMBLY, GHANA <i>CHRISTOPHER DICK-SAGOE</i>	26
7.	AN EMPIRICAL STUDY OF ENVIRONMENTAL CONSTRAINTS FACED BY PUBLIC PRIVATE PARTNERSHIP (PPP) IN INDIA WITH SPECIAL REFERENCE TO UTTAR PRADESH <i>DR. ZEESHAN AMIR &amp; ANIS UR REHMAN</i>	32
8.	PERFORMANCE OF INDIAN BANK WITH REFERENCE TO NON PERFORMING ASSETS – AN OVERVIEW <i>B. SELVARAJAN, DR. G. VADIVALAGAN &amp; DR. M. CHANDRASEKAR</i>	38
9.	RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND LOYALTY AMONG PASSENGER CAR USERS (AN EMPIRICAL STUDY CONDUCTED IN BANGALORE CITY AMONG SMALL PASSENGER CAR USERS) <i>SRI.R.SRIVATS &amp; DR. R. K. GOPAL</i>	47
10.	INFLUENCE OF QUALITY CIRCLES ON ORGANISATIONAL PERFORMANCE: AN EMPIRICAL STUDY <i>DR. D. S. CHAUBEY, RANI RAMASWAMY &amp; NIDHI MAITHEL</i>	53
11.	PERFORMANCE OF TAX SAVING FUNDS OF SELECTED ASSET MANAGEMENT COMPANIES: A COMPARATIVE ANALYSIS <i>DR. K. V. S. N. JAWAHAR BABU &amp; DR. M.S. VASU</i>	60
12.	IMPACT OF MICRO - CREDIT TO WOMEN SHGS – A STUDY WITH REFERENCE TO NAGAPATTINAM DISTRICT, TAMIL NADU <i>K. MUTHU. &amp; DR. K. RAMAKRISHNAN.</i>	70
13.	MANAGERIAL EFFECTIVENESS AND COUNTERPRODUCTIVE WORK BEHAVIOUR: A COMPARISON AT DIFFERENT MANAGERIAL LEVEL <i>DR. RISHIPAL</i>	74
14.	A STUDY ON HEALTH INSURANCE PRODUCT PERFORMANCE AT HDFC, BANGALORE <i>V. CHANDRAMOHAN &amp; DR. K. RAMACHANDRA</i>	79
15.	A COMPARATIVE STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SECTOR IN INDIA (INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA AND STATE BANK OF INDIA) <i>DR. PONDURI.S.B. &amp; V. SAILAJA</i>	89
16.	WORK ETHICS AND ITS IMPACT ON JOB SATISFACTION OF INDIAN MANAGEMENT TEACHERS - AN EMPIRICAL STUDY <i>DR. RAJESHWARI NARENDRAN &amp; PREETI MEHTA</i>	98
17.	AN APPRAISAL OF QUALITY OF SERVICES IN URBAN HOSPITALS (A STUDY ON THREE URBAN HOSPITALS IN GUNTUR DISTRICT, ANDHRA PRADESH) <i>DR. T. SREENIVAS &amp; NETHI SURESH BABU</i>	103
18.	PERFORMANCE EVALUATION OF SOME SELECT EQUITY FUNDS FLOATED BY PRIVATE SECTOR BANKS <i>B. RAJA MANNAR &amp; DR. B. RAMACHANDRA REDDY</i>	113
19.	ANALYSING THE FINANCIAL PERFORMANCE OF IRON AND STEEL INDUSTRY WITH THE HELP OF MARKET VALUE ADDED APPROACH <i>E. LAVANYA &amp; DR. B. RAMACHANDRA REDDY</i>	117
20.	ACHIEVING CUSTOMER LIFETIME VALUE THROUGH CUSTOMER RELATIONSHIP MANAGEMENT <i>SHAKEEL-UL-REHMAN &amp; DR. M. SELVARAJ</i>	120
21.	COMPARATIVE ANALYSIS OF CAPITAL STRUCTURE OF BANKING COMPANIES WITH SPECIAL REFERENCE TO STATE BANK OF INDIA AND ICICI BANK <i>DR. ANURAG B. SINGH &amp; PRIYANKA TANDON</i>	124
22.	MANAGING BRAND EXTENSION <i>DR. C. MUTHUVELAYUTHAM &amp; T. PRABHU.</i>	132
23.	BEHAVIOURAL ISSUES IN EFFECTIVE IMPLEMENTATION OF CUSTOMER RELATIONSHIP MANAGEMENT <i>NISHI TRIPATHI &amp; RICHA SINHA</i>	135
24.	STATUTORY DISCLOSURE BY INDIAN LIFE INSURANCE COMPANIES <i>GAGANDEEP KAUR &amp; RAJINDER KAUR</i>	139
25.	PRODUCT LINE STRATEGY ADOPTED BY SMALL SCALE MOTOR AND PUMP INDUSTRY <i>DR. J. SUGANTHI</i>	144
26.	FACTORS OF CRM (A STUDY WITH SPECIAL REFERENCE TO BANKS) <i>DR. S. GAYATHRY</i>	149
27.	IMPACT OF GRIEVANCES AND REDRESSAL OF EMPLOYEES IN TEXTILE MILLS, COIMBATORE <i>P. DEEPA ANANDA PRIYA &amp; DIVYA.S</i>	156
28.	A STUDY OF EMPLOYEE COMPETENCY MAPPING STRATEGIES AT SELECT ORGANISATIONS OF BANGALORE <i>DR. Y. NAGARAJU &amp; V. SATHYANARAYANA GOWDA</i>	176
29.	COMPARATIVE STUDY OF ORGANIZATIONAL ROLE STRESS AMONG EMPLOYEES: PUBLIC VS PRIVATE BANKS IN INDIA <i>SHADMA PARVEEN</i>	182
30.	AN EMPIRICAL EXAMINATION OF NONWORK DOMAIN ON EMPLOYEE TURNOVER <i>L.R.K. KRISHNAN</i>	189
	<b>REQUEST FOR FEEDBACK</b>	<b>201</b>

**CHIEF PATRON**

**PROF. K. K. AGGARWAL**

Chancellor, Lingaya's University, Delhi  
Founder Vice-Chancellor, Guru Gobind Singh Indraprastha University, Delhi  
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

**FOUNDER PATRON**

**LATE SH. RAM BHAJAN AGGARWAL**

Former State Minister for Home & Tourism, Government of Haryana  
Former Vice-President, Dadri Education Society, Charkhi Dadri  
Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

**CO-ORDINATOR**

**DR. SAMBHAV GARG**

Faculty, M. M. Institute of Management, MaharishiMarkandeshwarUniversity, Mullana, Ambala, Haryana

**ADVISORS**

**DR. PRIYA RANJAN TRIVEDI**

Chancellor, The Global Open University, Nagaland

**PROF. M. S. SENAM RAJU**

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

**PROF. M. N. SHARMA**

Chairman, M.B.A., HaryanaCollege of Technology & Management, Kaithal

**PROF. S. L. MAHANDRU**

Principal (Retd.), MaharajaAgrasenCollege, Jagadhri

**EDITOR**

**PROF. R. K. SHARMA**

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

**CO-EDITOR**

**DR. BHAVET**

Faculty, M. M. Institute of Management, MaharishiMarkandeshwarUniversity, Mullana, Ambala, Haryana

**EDITORIAL ADVISORY BOARD**

**DR. RAJESH MODI**

Faculty, YanbuIndustrialCollege, Kingdom of Saudi Arabia

**PROF. SANJIV MITTAL**

UniversitySchool of Management Studies, Guru Gobind Singh I. P. University, Delhi

**PROF. ANIL K. SAINI**

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

**DR. SAMBHAVNA**

Faculty, I.I.T.M., Delhi

**DR. MOHENDER KUMAR GUPTA**

Associate Professor, P.J.L.N.Government College, Faridabad

**DR. SHIVAKUMAR DEENE**

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

**DR. MOHITA**

Faculty, Yamuna Institute of Engineering & Technology, Village Gadholi, P. O. Gadholi, Yamunanagar

## ASSOCIATE EDITORS

**PROF. NAWAB ALI KHAN**

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

**PROF. ABHAY BANSAL**

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

**PROF. V. SELVAM**

SSL, VIT University, Vellore

**PROF. N. SUNDARAM**

VIT University, Vellore

**DR. PARDEEP AHLAWAT**

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

**DR. S. TABASSUM SULTANA**

Associate Professor, Department of Business Management, Matrusri Institute of P.G. Studies, Hyderabad

## TECHNICAL ADVISOR

**AMITA**

Faculty, Government M. S., Mohali

**DR. MOHITA**

Faculty, Yamuna Institute of Engineering & Technology, Village Gadholi, P. O. Gadholi, Yamunanagar

## FINANCIAL ADVISORS

**DICKIN GOYAL**

Advocate & Tax Adviser, Panchkula

**NEENA**

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

## LEGAL ADVISORS

**JITENDER S. CHAHAL**

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

**CHANDER BHUSHAN SHARMA**

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

## SUPERINTENDENT

**SURENDER KUMAR POONIA**

## CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Management Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic and Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email address: [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com).

## GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: \_\_\_\_\_

**THE EDITOR**  
IJRCM

**Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF**

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

**DEAR SIR/MADAM**

Please find my submission of manuscript entitled ' \_\_\_\_\_ ' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

**NAME OF CORRESPONDING AUTHOR:**

Designation:

Affiliation with full address, contact numbers & Pin Code:

Residential address with Pin Code:

Mobile Number (s):

Landline Number (s):

E-mail Address:

Alternate E-mail Address:

**NOTES:**

- a) The whole manuscript is required to be in **ONE MS WORD FILE** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
- b) The sender is required to mention the following in the **SUBJECT COLUMN** of the mail:  
**New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)**
- c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
- d) The total size of the file containing the manuscript is required to be below **500 KB**.
- e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
- f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS:** The author (s) **full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.
6. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER**. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.
7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should follow the following sequence:

**INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESES****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****SCOPE FOR FURTHER RESEARCH****ACKNOWLEDGMENTS****REFERENCES****APPENDIX/ANNEXURE**

It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed **5000 WORDS**.

10. **FIGURES & TABLES:** These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure. Sources of data should be mentioned below the table/figure.** It should be ensured that the tables/figures are referred to from the main text.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **REFERENCES:** The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:
  - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
  - Use (ed.) for one editor, and (ed.s) for multiple editors.
  - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
  - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
  - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
  - For titles in a language other than English, provide an English translation in parentheses.
  - The location of endnotes within the text should be indicated by superscript numbers.

**PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:****BOOKS**

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

**CONTRIBUTIONS TO BOOKS**

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

**JOURNAL AND OTHER ARTICLES**

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

**CONFERENCE PAPERS**

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19-22 June.

**UNPUBLISHED DISSERTATIONS AND THESES**

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

**ONLINE RESOURCES**

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

**WEBSITES**

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

**MANAGING BRAND EXTENSION**

**DR. C. MUTHUVELAYUTHAM**  
**ASSOCIATE PROFESSOR**  
**SCHOOL OF MANAGEMENT STUDIES,**  
**ANNA UNIVERSITY OF TECHNOLOGY**  
**COIMBATORE**

**T. PRABHU.**  
**RESEARCH SCHOLAR**  
**SCHOOL OF MANAGEMENT STUDIES**  
**ANNA UNIVERSITY OF TECHNOLOGY**  
**COIMBATORE**

**ABSTRACT**

*The vast majority of brand extensions reportedly fail, suggesting the need for methodologies that will allow for better strategic prediction of categories a brand should extend or license into. The prior literature suggests that brand extensions are likely to be more successful if a brand extends into another category into which its existing brand associations and imagery "fit" better, and that it may help as well if the extending brand is "atypical" (possessing associations and imagery that are broad and abstract rather than tied too closely to the brand's original product category). A methodology is developed, illustrated and validated in this study to estimate brand and category personality structures, using a Bayesian factor model that separates the two by using brand-level and category-level random effects. This methodology leads to measures of a brand's fit and a typicality.*

**KEYWORDS**

Brand, brand extension, brand image

**INTRODUCTION**

There is no doubt that the practice of brand extension is very popular with some reports suggesting as many as 75 percent of new products are launched with existing brand names on them. This popularity appears to stem from the rather enthusiastic attention that the practice of brand extension is getting in academic journals and trade publications. Brand extension has been hailed as the way to achieve growth in a cost controlled world (Tauber, 1988), the way of capitalizing on brand assets, the way of redefining the nature/direction of a firm's business (Tauber, 1981), the way of gaining economies of scale in advertising (Roberts and McDonald, 1989), the way to introduce new products without advertising (Hastings, 1990), and the way of assisting a new product's success through endowing it with the goodwill which allows it to more easily gain trial and distribution (Aaker, 1990).

To be fair, these accolades are often tempered with the warning not to "stretch" the brand image too far, that is, attempt to use a brand name on an incongruous extension, e.g. Exxon popcorn, Sara Lee dog food, Reebok computers. However, the warning, while in itself very serious, unfortunately also gives a clear impression that it is quite easy to manage brand extension, all it takes is common sense and a little brand image research.

Ries and Trout (1981) place alone as the only outright critics of the practice, arguing that even if the brand name is not used on an incongruous extension any success for the extension will come at the expense of destroying the brand image of the original brand.

The apparent success of some well known brand extension dampens the power of their argument to convince many. Though this is perhaps unfair; the success of these brand extensions is not sufficient evidence to confirm that an existing brand name assists the success of a new product. Those successful brand extensions might have enjoyed even greater success if they had been launched with their own distinctive brand names.

**WHAT DO WE REALLY KNOW?**

The ability to commercialize new products successfully strikes at the heart of company and national competitiveness. Considering the millions of dollars spent on commercializing new products, and the considerable investments firms have made in their brand names, the thinking manager might be expected to ask where is the research, what does marketing theory say on brand extension?

**The answer is that less is known than some would make out and what research results there are turn out to be far less supportive than most would imagine.**

Nielsen conducted a large-scale study of 115 new product launches across five USA and UK markets (Peckham, 1981). The study compared the market share gained by products launched under established family or corporate brand names with that gained by products launched with new brand names, and share was measured two years after each brand's launch. The brand extensions performed significantly less well than the products launched with new brand names (see Figure 1)(omitted).

**BRAND EXTENSION GIVES LITTLE ADVANTAGE TO A NEW PRODUCT RELEASE**

Another study (Sullivan, 1992), compared the survival rates (after six years) of 84 new consumer non-durable products (from firms, nearly all of which, owned established brands) and found no significant difference between the survival rates of the brand extensions and the new brand launches (in both cases 82 percent survived--while this may seem high it should be noted that the sample excluded products with low total advertising expenditures so as to exclude those products which were pulled off the market very early or during market testing).

This evidence suggest that brand extensions gives small advantage to a new product release and is particularly concerning when the inherent disadvantages of brand extension are considered.

**SPILLOVER**

The continued practice of brand extension exposes a superior variety of brands to the possible spillover of negative publicity. Bad advertising for one brand may spill over to other brands allocation the brand name. Recently, in Australia, Colgate-Palmolive suffered the consequences of having the family unit name on nearly every one of its vast array of brands after a highly publicized extortion attempt involving cyanide contamination.

**CANNIBALIZATION**

Cannibalization, where a new product gains its sales at the expense of sales of a company's existing product(s) is always a concern in launching a new product. It is easy to follow too far the line that it is better to steal sales from yourself than let a competitor do it. The way of avoiding cannibalization is to ensure that any new product releases are as different as possible from existing brands. Tagging the new product with an existing brand name therefore enhances the likelihood of cannibalization occurring.

Herein lies something of a brand extension "Catch 22"; "stretching" a brand image too far can cause failure, yet if the extension is too similar to the original brand then cannibalism occurs.

**BLURRING THE ORIGINAL BRAND'S IMAGE**

Since the original brand in many cases is a well-established profit earner and the brand extension is something of an unknown, any potentially negative effects on the original brand should be considered very seriously indeed. One of the strong arguments against the practice of brand extension has been that it weakens the overall core brand image. It has been suggested that Miller Lite's success came at the expense of Miller High Life and that Heinz Ketchup's success came at the expense of Heinz's position in the pickle market (Ries and Trout, 1981). It is certainly true of many industries that a company which gains a reputation as a "jack of all trades" is often easily out competed by specialists.

**MOST CONSUMERS ASSOCIATE PRESTIGE WITH RARITY AND FOCUSED PRODUCTION ACTIVITY**

Experimental research on subjects' attitudes to various potential brand extension has suggested, rather unsurprisingly, that a brand image which is primarily symbolic rather than functional, can be stretched further to a wider range of products than the brand image which is linked closely with functional product characteristics (Aaker and Keller, 1990; Park et al., 1991). While these brands may appear more extendible in such experimental settings which do not consider the effect on the core brand image, such extension might actually have the greater effect in blurring the brand image of some symbolic brands. This would be true with prestige-oriented brands since most consumers associate prestige with rarity and focussed production activity. Recent times have seen comments that both Gucci and Pierre Cardin have suffered from over-enthusiastic extension.

**MANAGERIAL IMPLICATIONS**

Considering these inherent disadvantages, brand extension would not be worthwhile to any company in the long run unless it can significantly improve on a product's performance, enough to compensate for these inherent disadvantages. The figures from the two cited studies (Peckham, 1981; Sullivan, 1992) of the success rates of brand extensions versus new brand name products are averages. They do not necessarily refute that in some circumstances success was enhanced by having an existing brand name. It is these circumstances which need to be identified if managers are to know when it is appropriate to use the strategy of brand extension to launch a new product and when it is not.

**From the existing research conducted in this area it is possible to form some tentative rules which might improve the success rate of brand extensions.**

**KEEP PROMOTION AND ADVERTISING SUPPORT AT NORMAL LEVELS**

In both of the cited studies (Peckham, 1981; Sullivan, 1992) it was noted that the brand extensions were launched with lower levels of promotional support than the products launched with new brand names. This is probably due to management subscribing to the argument that brand extensions meant savings in promotional costs, a belief which apparently ended up costing the companies market share.

When the results of the Nielsen study (Peckham, 1981) were adjusted for the differences in per point share of advertising expenditure, the differences between the market shares gained for the two groups are negligible. It should be noted though that these results do not suggest that all that is needed is to keep advertising and promotional support at "normal" levels, they only suggest that this should prevent the brand extension from significantly underperforming.

However, this recommendation does reduce one of the supposed advantages of brand extension, namely cheaper launch costs.

**AVOID "ME TOO" BRAND EXTENSION**

Along with inadequate promotional support, operational difficulties and incorrect positioning/targeting, one of the major reasons for product failure is that the product offers no new benefit to the consumer. While this point would seem to apply equally to products with new brand names as it does to brand extensions there is an extra danger of this occurring with brand extensions. Managers may be tempted to launch "me too" products against their better judgement because they feel the use of the existing brand name will make up for the lack of added benefit.

**USE THOSE FUNCTIONAL FEATURES WHICH GAVE THE ORIGINAL BRAND ITS DIFFERENTIAL ADVANTAGE**

Commentators have often urged that brand extensions should have common functional features with the original brand. This may be true but it would be incorrect to suppose that having just any functional features in common will justify sharing the brand name.

When purchasing non-durable consumer goods, consumers rely predominantly on intrinsic functional product characteristics to assess perceived quality, rather than extrinsic factors such as brand name. For these sorts of products, the brand name operates mostly as a reminder of the functional features which are present. Brand extension seems most sensible when there is the opportunity to capitalize on both the successful functional feature which gives the original brand its differential advantage, and the brand name which signals that the feature consumers know, and perhaps love, is present in the new product.

If the original brand had, for example, rice in it and the extension had rice in it too then such an extension might be less likely to break the "stretching too far" rule but the brand name would not (probably) be acting to signal the competitive advantage or consumer plus of the original brand. It is where this is possible that the brand name is playing an important role which perhaps justifies using it rather than a new name. An example of an extension where this does happen is Cadbury chocolate biscuits where the Cadbury name correctly informs the consumer that these biscuits are not coated in just any type of chocolate but are coated with chocolate which has that distinctive Cadbury chocolate taste. Diet Coke, Mars Ice Cream Bars and Mars milk drink are all other such examples. The Mars Bar extensions being particularly good in that cannibalization is likely to be at an acceptable level since these extensions are all in quite distinct categories (solid food, cold food and drink, respectively) and yet distinctive functional features (the Mars taste) have been transferred from the original brand to the extensions.

This reasoning is not in contrast to the suggestion that brand names which trigger brand images of more abstract qualities (e.g. fashionable, stylish) might be transferred to a broader range of products (Aaker and Keller, 1990; Park et al., 1991). This may very well be so, but it is in areas where key functional product features are also transferred, and where the brand name plays an important part in signaling this that the brand name will be of greater strategic value to the new product. This is particularly important for products which require consumption to truly assess functional performance.

Put simply, transfer of brand image which is (merely) acceptable to consumers is one thing, but transfer of image which actually assists in the success of the new product is another. This point seems to have been somewhat brushed over by some researchers who have examined brand extension in laboratory experiments to see what sort of image transfer subjects were comfortable with (see, for example, Aaker and Keller, 1990; Park et al., 1991).

**USE BRAND EXTENSION FOR PRODUCTS LAUNCHING LATE INTO A CATEGORY RATHER THAN PIONEER PRODUCTS**

Research into the effect of the timing of entry into markets shows that late entry brand extensions have better survival rates than early entry brand extensions (Sullivan, 1992). Perhaps this point is already understood by practitioners because the same study showed that brand extensions did tend to be launched later rather than earlier into a category. Of course, a less flattering interpretation is to repeat the earlier observation that brand extension may discourage innovation, hence the majority of brand extension follow other products into a market.

There is, however, strong support for early entry into a market providing a brand with a competitive advantage such that "pioneers" tend to outperform "followers" in gaining market share (Lambkin, 1988). The question then arises, is it better to extend early and gain greater share or to wait and extend later when the chances of survival will be greater? One study of brand extension performance and order-of-entry (Sullivan, 1992) implies that waiting can be advantageous as the use of extension reduces a brand's cost of waiting, because it moderates that loss of market share to earlier entrants.

Unfortunately though, the implication that a late extension performs better than an earlier extension, to the extent that it makes up for any loss due to the pioneering advantage effect, is not exactly an implication of great practical significance since a new product development manager is seldom faced with such a question. Instead, they will usually have a product which has finished its development process and is ready to launch at that particular point in time, either early or late for the category. So the questions which are likely to need answering are:

- (1) If the product is ready to go early into the category, is it best to launch with a new brand name or as an extension? The answer from both studies of brand extension performance (Peckham, 1981; Sullivan, 1992) is emphatically in favor of a new brand name.
- (2) If the product is ready to go early, is it worth waiting till later when an extension is less likely to fail? Possibly, but again, the answer is to use a new brand name and not throw away the pioneering advantage. Brand extension might possibly moderate the loss of share caused by the pioneering advantage effect but it certainly does not make up for it.
- (3) If the product is ready to go late into a category, is it better to use brand extension or a new brand name? Here the answer is fewer clear. The small sample of late entry new brands (N=8) in the order of entry study (Sullivan, 1992) means it does not provide insight into the relative success rates.



The need for further research is clear, but it seems fair to draw the conclusion that if brand extension is going to be used, it is better to use it for late launch products rather than for an early product launch. First, because early market uncertainty results in high failure rates and failure for a brand extension has spillover costs. Second, because ideal positioning strategies are generally not known until the market begins to mature and thus a brand needs to be flexible in manipulating its image. Brand extensions are less flexible since they carry with them the image from the original brand which will be well established.

### SUMMARY

Support for widespread use of brand extension does not seem to exist but that is not to say that under some conditions, and under the control of management who understand the potential dangers of the practice, the practice might be strategically appropriate. The inherent disadvantages of brand extension, such as spillover risks, mean it should only be used where it might significantly increase the performance of the new product release.

**This article has attempted to put forward some tentative rules for using and managing the marketing strategy of brand extension. Put very simply the trick seems to be to:**

- use brand extension only on products which are going into a mature category. If you are in the happy position to be bright to start on a pioneering product then keep maximum positioning flexibility by using a new brand name;
- use brand extension for products which preferably share those features of the original brand which were an important part of the original's differential advantage;
- avoid "me too" product launches and try to think of your brand name the same way you would your advertising, that is, it can do wonders to a product with a true differential advantage but no amount of advertising will help a product which does not offer anything new to the customer;
- give the same amount of advertising and promotional support as you would a new name product, do not expect the existing brand name to automatically give you high awareness.
- Maintaining brand equity is about keeping your bond with the customer. Brand extension may have an important part to play in building and maintaining this equity but it does not seem to be the avenue for cheap product launches. Using brand extension properly seems to be about respecting the things that built your brand in the first place, by making sure any brand extensions are quality product releases which are well supported by marketing effort.

### REFERENCES

1. Aaker, D. and Keller, K.L. (1990), "Consumer Evaluations of brand extensions", *Journal of Marketing*, Vol. 54 No. 1, pp. 27-41.
2. Aaker, D.A. (1990), "brand extensions: The Good, the Bad, and the Ugly", *Sloan Management Review*, Summer, pp. 47-56.
3. Blackett, T. (1991), "The Valuation of Brands": *Marketing Intelligence & Planning*, Vol. 9 No. 1, pp. 27-35.
4. Buday, T. (1989), "Capitalizing On brand extensions": *Journal of Consumer Marketing*, Vol. 6 No. 4, pp. 27-30.
5. Hastings, H. (1990), "Introducing New Products without Advertising": *Journal of Consumer Marketing*, Vol. 7 No. 3, pp. 19-25.
6. Lambkin, M. (1988), "Order of Entry and Performance in New Markets": *Strategic Management Journal*, Vol. 9, pp. 127-40.
7. Park, C.W., Milberg, S. and Lawson, R. (1991), "Evaluation of brand extension: The Role of Product Feature Similarity and Brand Concept Consistency": *Journal of Consumer Research*, Vol. 18 No. 2, pp. 185-93.
8. Peckham, J.O. (1981), *The Wheel of Marketing*, A.C. Nielsen, New York, NY.
9. Ries, A. and Trout, J. (1981), *Positioning: The Battle For Your Mind*, McGraw-Hill, New York, NY.
10. Roberts, C.J. and McDonald, G.M. (1989), "Alternative Naming Strategies: Family versus Individual Brand Names": *Management Decision*, Vol. 27 No. 6, pp. 31-7.
11. Sullivan M.W. (1992), "brand extension: When to Use Them": *Management Science*, Vol. 38 No. 6, pp. 793-806.
12. Tauber, E.M. (1981), "Brand Franchise Extensions: New Product Benefits from Existing Brand Names": *Business Horizons*, Vol. 24 No. 2, pp. 36-41.
13. Tauber, E.M. (1988), "Brand Leverage Strategy for Growth in a Cost-controlled World": *Journal of Advertising Research*, August/September, pp. 26-30.

## **REQUEST FOR FEEDBACK**

**Dear Readers**

At the very outset, International Journal of Research in Commerce and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail i.e. [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com) for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com).

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

**Academically yours**

Sd/-

**Co-ordinator**

## ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

### *Our Other Journals*

