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**FACTORS DETERMINING CONSUMER PREFERENCES FOR BRAND EXTENSIONS**

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**ABSTRACT**

*This study has identified the factors that determine consumer preferences for brand extensions in the Indian market. Hypotheses are developed and tested through a survey. Though a set of ten factors were studied we find that only a set of four factors have significant influence on consumers' preferences. However it was found that users of brand extensions and non users of brand extensions were influenced by different set of factors while evaluating brand extensions. The study shows (from the MANOVA) that, there is significant difference between users and non users of brand extensions on the following four factors namely, (i) cognitive mechanism, (ii) quality of the parent brand, (iii) price of the extended brand and (iv) parent brand associations. For the remaining six factors there is no significant difference between them. The findings have interesting marketing implications for marketers who are proposing to launch brand extensions in the Indian market.*

**KEYWORDS**

Brand, Brand extensions, Consumer evaluation. Consumer preferences.

**INTRODUCTION**

In the fast changing business environment that we are in today, the traditional approaches of wealth creation are fast changing. The parity in products, resources and processes has created a situation where a good product alone, though necessary, is not sufficient to gain entry into markets. Brands have become the bridges between the factories, where products are made, and the consumer, who seeks value, thus making brands the real wealth generators. The value of business is now determined by the brands it holds rather than the conventional assets it possesses. Brands have become the most valued assets of a company and also determine the market value of a business.

The enormous cost of establishing new brands, both in national and international markets and the relatively low success rate of new brands make the proposition of brand extensions very attractive

As pressure from competitors increase, brand marketers need to find ways of achieving growth at lower costs. One method of doing it is by launching new products at the same time reducing risks of new product failure. "Brand Extension" (using an established brand name on a new product) is assumed to be a "safe" method, where the established brand name could attract consumers without much marketing effort.

While some authors say it is good to leverage brand names through extensions, others condemn it vehemently by saying that a brand name should associate with only one product. While the argument keeps going what is perhaps important is to find out the reasons as to why some extensions succeed and others fail. The success of brand extensions is dependent, to a great extent on how customers evaluate the extension. In order to improve the success rate of brand extensions it is important to measure the significance and relative importance of factors affecting consumer evaluations of brand extensions. Several studies have analysed empirically the impact of certain factors (such as perceived fit between the parent and extension categories or quality of the parent brand etc.) on customer evaluations of brand extensions

The objectives of this study are to (i) Identify whether there are any significant differences between users and non-users of brand extensions on the selected dimensions of consumer preference, (ii) Establish a relationship between the selected dimensions and consumer preferences for brand extensions; (iii) Find out which group of factors forms the "core" in influencing consumer preferences for brand extensions.

This study has analysed the factors that influence consumer evaluations of brand extensions in the Indian setting. There were ten factors being analysed for their effect on consumer evaluations, whereas the earlier studies had considered only one or few of these factors. This research made a comprehensive study of ten factors of which some have already been researched in various studies independently.

**BACKGROUND**

In this section we take a look at the factors chosen for the study.

**(I) COGNITIVE MECHANISM**

Cognition refers to the mental processes (thinking) and knowledge structures involved in peoples' responses to the environment, (Peter and Olson, 1996). Consumers learn about products and brands from a variety of sources. They evaluate some of the products within their levels of cognition in terms of meeting their needs.

The most important aspect of consumer behaviour for marketers is to understand how consumers use information to make buying decisions.

From a consumer perspective, brand equity involves a strong positive brand attitude (favourable evaluation of the brand) based on favourable meanings and beliefs that are accessible in memory (Farquhar, 1989). Marketers can borrow brand equity by extending a positive brand name to other products. Some research shows that the success of brand extensions depends on the key meanings consumers associate with a brand name and whether those meanings are consistent or appropriate for the other product, (Park, Milberg, and Lawson, 1991). Since cognitive mechanism seemed to have a strong effect on consumers' preference towards brand extensions, it is taken as a variable for this study.

**(II) QUALITY OF THE PARENT BRAND**

High quality brands are often seen as more credible, expert and trustworthy at what they do. When a brand is seen as more average in quality, consumers may be more likely to question the ability or motives of the company involved (Keller and Aaker 1992). They iterate that high quality brands lead to more favourable attitudes towards the brand extensions. Thus, one important benefit of building a strong brand is that it can be extended more easily into more diverse categories (Rangaswamy, Burke, and Oliva, 1993).

**(III) PRICE OF THE EXTENSION**

It has been found that consumers' price expectations on the extended brand are affected by the parent brand price and also the evaluations are moderated by the distribution of prices in the extension category. (Jun, MacInnis, and Park, 2005). Moreover consumers develop reference price or expected price for a product and then use this price to evaluate the same product at a later point of time or another product at the same point of time, (Breisch, Krishnamurthi, Mazumdar and Raj, 1997).

Past studies have identified the cost and revenue benefits of brand extensions primarily from the perspective of building and communicating a strong brand positioning (Park, Jaworski and MacInnis, 1986, Aaker, 1991). Interestingly, however, few studies have focused on the significance of pricing as it relates to brand extension strategies. Pricing issues should have substantial impact on a brand extensions actual market place performance given the critical role of price in consumers' estimations of a brand extensions value (e.g. Thaler, 1985).

Taylor and Bearden (2002) found that the price of the brand extension had a larger positive impact on the perceived quality of dissimilar extensions than similar extensions.

The impact of price on inferences about brand extensions may be more complex than the inferences for other attributes of the parent brand, especially when the attributes of the parent brand directly affect consumers' influences about brand extensions (Jun, MacInnis, and Park, 2005).

A well known finding in pricing literature is that consumers judge the price of the product as favourable or unfavourable in comparison with the reference price (Thaler, 1985, Kahneman and Tversky, 1979).

#### **(IV) NUMBER OF PRODUCTS ASSOCIATED WITH THE PARENT BRAND**

Many brands now encompass a portfolio of products. Several authors have opined that extending to loosely related areas may weaken a brand by diminishing the favourable attribute beliefs consumers have learned to associate with the family brand name (Loken and Roedder John, 1993, Tauber 1981).

It could also be said that the number of products that a brand can embrace is also influenced by the type of brand i.e. whether it is a functional brand or a prestige brand.

How many different product categories can carry the same name? Some argue that a brand will lose its identity and strength as the number of products associated with it increases, (e.g. Aaker 1991, Farquhar et al 1992, Tauber, 1981).

Given the number of successful extensions of brands into multiple categories the effect of the sheer number of different categories and number of products is not clear. Dacin and Smith, (1994), say that the number of products affiliated with a brand does not automatically harm the brand and may even strengthen it.

The reason for this contradiction may be due to the fact that earlier researches have tended to focus on responses to initial extensions of single product brands. The effects of fit may be less for multi-product brands. The effects of fit may likely to diminish once a brand has been successfully extended into multiple product categories.

#### **(V) FAMILIARITY OF THE BRAND**

The factors affecting new product acceptance and for predicting initial trial of a new product is the extent to which a known brand was involved (Claycamp and Liddy, 1969).

Although corporate brands may lack specific product associations, their reputation for introducing quality products may be an important factor to reduce the risk perceived by consumers (Keller and Aaker, 1992). It is easier to add a link from a brand already existing in the memory of consumers (Aaker and Carman, 1982). Advertising expenses were less for successful brand extensions than for comparable new brands (Sullivan, 1992). Since familiarity of a brand seemed to have a strong effect on preference towards brand extensions it is considered as one of the dimensions for this study.

#### **(VI) FIT BETWEEN PARENT BRAND AND EXTENDED BRAND**

One of the key factors underlying brand extension success is the fit between parent brand and extensions. Aaker and Keller (1990) suggest that complement and substitute measures of fit interact with perceived quality of the original brand to predict brand extensions evaluation.

Aaker and Keller (1990) collected consumers' reaction and found that a perception of fit between the original and extension product categories and a perception of high quality for the parent brand led to more favourable extension evaluations. A number of subsequent studies, which explored the generalizability of these findings to markets outside the U.S., have shown that this model could be clearly generalized although cross cultural differences influenced the relative importance of the components of the model. (Bottlmley, and Holden, 2001).

In general, brand extensions could be favourably evaluated by consumers if they see some bases of fit or similarity between the proposed extension and parent brand (Boush, et al, 1987). A lack of fit may doom a potentially successful brand extension (Meyers, Louie and Curren, 1994). The more common and fewer distinctive associations that exist, the greater will be the perception of similarity (McInnis and Nakamoto, 1990).

Park, Milberg and Lawson, (1991), demonstrated that fit does not have to be on product related associations alone and can arise from a combination of attributes, benefits and marketing efforts. A perceived lack of fit between parent brand product category and the proposed extension category could be overcome if the parent brand associations were salient and relevant (Broniarczyk and Alba, 1994). Perceptions of fit may be based on technical or manufacturing commonalities or more surface considerations like substitutability and complementarity in product use (Aaker and Keller, 1990).

#### **(VII) ADVERTISING IMPACT**

The impact of advertising is difficult to assess when it is for brand extensions. It is generally believed that brand extensions improve advertising efficiency (Aaker, 1990, 1991; Tauber, 1988). This is endorsed by Smith, (1992), who finds that in general, advertising efficiency is greater for brand extensions than for new brands.

It has been argued that systematic extensions of a brand can strengthen its meaning in the minds of consumers (Park, Jaworski and McInnis, 1986), while Smith, (1992), finds that advertising efficiency is not affected by the number of extensions associated with the parent brand.

Lane, (2000), found that repetition of an advertisement that evoked primarily benefit brand associations could overcome negative perceptions of a highly incongruent brand extension.

#### **(VIII) PARENT BRAND ASSOCIATIONS**

Consumers form associations with brands, and an understanding of these associations is imperative for managers, when extending brands into other products. For emerging brands consumers may not have formed many associations, but for mature brands they may have formed a multitude of associations.

Past research suggests that there is a definite relationship between parent brand image and extension image. Further, experiences with the parent brand may have induced positive or negative associations and these may be transferred while evaluating extensions (Fiske, Pavelchak, 1986 and Sujun, 1985). Over a period of time consumers form a number of associations with the brand. Broniarczyk and Alba, (1994), find that brand specific associations dominate brand affect while consumers' knowledge about product category is high. It has been argued that consumers see brands as categories that over time have become to be associated with a number of specific attributes based on the attributes associated with the different products under the brand (Roedder John and Loken, 1993). Any association held in memory by consumers about the parent brand may serve as the potential basis of fit between the parent brand and the brand extension, specifically the fewer the associations that exist, the greater the perception of overall similarity (Meyers-Levy, Louie, and Curren, 1994).

#### **(IX) PRODUCT FEATURE SIMILARITY**

Product features are attributes that belong to a product. These can vary from concrete ones to abstract ones.

Referent product-extension product similarity is the degree to which consumers perceive the extensions as similar to other products affiliated with the brand (Smith and Park, 1992).

One of the most frequently considered antecedent of brand extensions is the level of perceived similarity between the original and extended brand. It has been found that feature similarity does affect the consumers' evaluation process (Park, Milberg and Lawson, 1991). It is believed that consumers make judgements of 'fit' between parent and brand extensions using product similarity as a criterion. Certain aspects of the existing set of products are compared with those of the extended brand. It is imperative to know which aspects of the parent brand and extended brand will be compared. However the presence or absence of identifiable relationships between existing brands and extensions may not be the only basis on which consumers form preferences for extensions.

Several studies reported that, greater the similarity between the original and extended brand, greater will be the transfer of positive or negative affect to the extended brand (Aaker and Keller, 1990; Park, Milberg and Lawson 1991; Boush and Loken, 1991; Dacin and Smith, 1994; Herr, Farquhar and Fazio, 1996). This finding is based on the assumption that consumers will develop more favorable attitudes towards extensions if they perceive high congruence between the original brand and the extensions.

#### **(X) BRAND CONCEPT CONSISTENCY**

**Brand concepts** are brand unique abstract meanings (e.g. high status) that typically originate from a particular configuration of product features (e.g. high price, expensive looking design, etc) and a firm's effort to create meanings from these arrangements.

**Brand concept consistency** is defined in terms of how well the brand accommodates the extension product.

Brand concepts help in positioning products in the minds of consumers and differentiate given products from other brands in the same product category (Park, Jaworski, and McInnis, 1986).

Broniarczyk and Alba, (1994), show that a brand which may not be as favourably evaluated as a competing brand in its category may be more successful in being extended into certain categories depending on the particular parent brand associations involved.

The consistency of an extended brand with the brand concept depends on how readily it can accommodate a brand name concept. This readiness, in turn, depends on consumers' perception of whether the brand concept associations are potentially relevant and desirable for a particular product.

## METHODOLOGY

The theoretical perspectives discussed and objectives form the basis for the formulation of a research methodology that has been adopted in this investigation.

For the purpose of achieving the objectives and testing the hypotheses a questionnaire was used as an instrument to collect data. The questionnaire had three parts; the first part was to collect personal details of the respondents, the second part measuring the dimensions and the third part measuring consumers' preference.

The variables chosen for the study are as follows.

**Independent variables** – cognitive mechanism, quality of the parent brand, price of the extended brand, number of products associated with the parent brand, familiarity of the brand, fit between parent brand and extended brand, advertising impact, parent brand associations, product feature similarity and brand concept consistency.

**Dependent variable** – consumer preferences for brand extensions.

The items capturing each factor were developed by the researcher. However, they were subjected to validity and reliability tests.

Accordingly, the first part of the instrument consisting of the background information of the respondents included age, qualification, occupation, family income per month (in Indian Rupees), and use of a product with an extended brand name. The second part of the instrument comprised of the independent variables. The third part consisted of items covering preferences for brand extensions.

### VALIDITY TEST

The questionnaire was subjected to face and content validity whose determination is judgmental. To conduct face and content validity, a total of eight experts from academics and industry, scrutinized the items, according to the definition generated against the constructs of the independent variables.

The experts offered their feedback on each of the items. Based on their feedback few items were slightly reworded and repositioned. The experts also suggested a 5-point rating scale for all the items. Then content validity ratio (CVR) was applied to each item using the formula developed by Lawsche, (1975). Based on this, a few redundant statements were removed.

Based on the face validity and content validity ratio, the final number of items in each of the dimensions used in this study was decided. After finalizing the number of items in the research instrument using face and content validity tests, a pilot study was undertaken for the following reasons:

- To assess the reliability of the research instrument constructed.
- To ascertain the time taken to complete the questionnaire by the respondents and.

The pilot study process with a sample of 40 respondents ensured the practicality of the instrument. Hence it was concluded that the instrument used in the study would elicit the necessary data required from the respondents.

The data collected from the pilot study was subjected to reliability test using Cronbach Alpha. It has been found that the reliability coefficients for the variables chosen for this study were more than 0.60, which was an acceptable value (Malhotra, 2004). So it was established that the items constituting each variable studied had reasonable internal consistency. It was found that respondents took between 30 – 40 minutes to completely fill the questionnaire.

### SAMPLE SIZE DETERMINATION BASED ON PILOT STUDY

The nature of the research topic, the conceptual nature of the factors researched and the use of English as the language in the questionnaire laid the grounds to define and determine the type of respondents as (a) those above 18 years of age; (b) hold an undergraduate degree; and (c) belonging to economically stable families. Though the population of the geographic area taken for the study i.e. Coimbatore district, was identified from the voters list for the district, it was difficult to ascertain the number of people holding an undergraduate degree. Snowball sampling technique has been used to select the respondents. The initial list included friends, relatives and peers of the researcher. These members on the list were contacted first and were asked to identify people who satisfy the conditions to be respondents. Accordingly 500 persons had been identified. The questionnaire was administered to 500 persons identified. Yet some questionnaires were not returned and some were unusable and incomplete, yielding a response rate of 74.8% (374 usable questionnaires).

## RESULTS

The data collected from the survey were tabulated and analysed using appropriate statistical techniques.

The results indicate low to high correlations. However, there is no evidence of multicollinearity.

The first objective of the study is verified by applying the MANOVA test to check if there are any significant differences between users and non-users of brand extensions on the selected dimensions. If differences are found to exist, it will help in analyzing the relationship between the selected dimensions and preferences for brand extensions, first among the users, second among the non-users and third among all collectively.

### OBJECTIVE 1

**To study whether there are any significant differences between users and non-users of brand extensions on the selected dimensions of consumer preference.**

This objective is examined by testing the hypotheses using the MANOVA technique. To test the differences between users and non-users, this technique is selected over Independent Samples T - Test or ANOVA because the multivariate formula for 'F - statistic' was based not only on the sum of squares between and within groups as in ANOVA but also on the sum of cross products. That is, it takes covariance into account as well as group means among the dependent measures.

#### Testing H1, H1a, H1b, H1c, H1d, H1e, H1f, H1g, H1h, H1i, and H1j

- |     |   |   |
|-----|---|---|
| H1  | : | There is a significant difference between the users and non-users of brand extensions on the selected dimensions.                                 |
| H1a | : | There is a significant difference between the users and non-users of brand extensions on cognitive mechanism.                                     |
| H1b | : | There is a significant difference between the users and non-users of brand extensions on quality of the parent brand.                             |
| H1c | : | There is a significant difference between the users and non-users of brand extensions on the price of the parent brand.                           |
| H1d | : | There is a significant difference between the users and non-users of brand extensions on the number of products associated with the parent brand. |
| H1e | : | There is a significant difference between the users and non-users of brand extensions on familiarity of the brand.                                |
| H1f | : | There is a significant difference between the users and non-users of brand extensions on fit between parent brand and extended brand.             |
| H1g | : | There is a significant difference between the users and non-users of brand extensions on advertising impact.                                      |
| H1h | : | There is a significant difference between the users and non-users of brand extensions on parent brand association.                                |
| H1i | : | There is a significant difference between the users and non-users of brand extensions on product feature similarity.                              |
| H2j | : | There is a significant difference between the users and non-users of brand extensions on brand concept consistency.                               |

As mentioned earlier, these hypotheses are studied using MANOVA. The variables that entered into the MANOVA model are the selected ten dimensions namely, (i) cognitive mechanism, (ii) quality of the parent brand, (iii) price of the extended brand, (iv) number of products associated with the parent brand, (v) familiarity of the brand, (vi) fit between the parent brand and extended brand, (vii) advertising impact, (viii) parent brand association, (ix) product feature similarity, (x) brand concept consistency and usage (users & non-users). The variable user & non-user entered into the model as a fixed factor and the remaining variables entered as dependent variables.

TABLE I: MULTIVARIATE ANALYSIS OF VARIANCE (MANOVA) BETWEEN USAGE AND THE SELECTED DIMENSIONS

Effect		Value	F	df	Error df	Sig.
	Pillai's Trace	.159	6.208	11.00	362.00	.000*
Used	Wilks' Lambda	.841	6.208	11.00	362.00	.000*
	Hotelling's Trace	.189	6.208	11.00	362.00	.000*
	Roy's Largest Root	.189	6.208	11.00	362.00	.000*

\* Significant at 0.05 level

However, a significant feature of this design is that all the four gave identical F values, and for symbolically representing the test statistics,  $\eta^2$  is used.

On examination of Table I, we observe that there is a significant difference between the user and non-user types being identified. This means that there is a significant difference between users and non-users across the ten dimensions that determine brand extension preference; (Hotelling's trace = 0.189;  $F(10, 362) = 6.208$ ;  $p = 0.000 (< 0.05)$ )

Since the results of the MANOVA are significant, the 'Test of Between Subjects Effects' (univariate results) is examined to determine whether the independent variable is significant for each of the selected ten dimensions and consumer preferences for brand extensions.

TABLE II: TESTS OF BETWEEN SUBJECTS EFFECTS

Source	Dependent Variable	Sum of Squares	df	Mean Square	F	Sig.
Have you	Cognitive Mechanism	7.45	1	7.45	20.28	.000*
Used	Quality of the Parent Brand	5.56	1	5.56	16.50	.000*
Brand	Price of the Brand Extension	2.01	1	2.01	6.54	.011*
Extensions	Number of Products Associated with the brand	0.51	1	0.51	1.03	.309
	Familiarity of the Brand	0.89	1	0.89	1.79	.181
	Fit between parent brand and extended brand	0.16	1	0.16	0.51	.472
	Advertising Impact	0.59	1	0.59	1.58	.209
	Parent Brand Association	1.65	1	1.65	4.74	.030*
	Product feature similarity	0.51	1	0.51	1.84	.175
	Brand Concept consistency	0.75	1	0.75	2.06	.150

\* Significant at 0.05 level

Table II, shows the results of the test of between subject effects. On examination of the table, it is found that there is significant difference in Cognitive Mechanism  $F = 20.28$ ,  $p = 0.000 (< 0.05)$ ; Quality of the Parent Brand  $F = 16.50$ ,  $p = 0.00 (< 0.05)$ , Price of the Extended Brand,  $F = 6.54$ ,  $p = 0.01 (< 0.05)$ , and Parent Brand Association,  $F = 4.74$ ,  $p = 0.03 (< 0.05)$ . As the independent variable has only two groups, multiple comparisons using Post-Hoc are not conducted.

TABLE III: COMPARISON OF MEANS BETWEEN USERS AND NON USERS OF BRAND EXTENSIONS

Variables	Usage	Mean	Std.Deviation
Cognitive Mechanism*	Yes	3.97	.55
	No	3.67	.68
	Total	3.86	.62
Quality of the Parent Brand*	Yes	4.44	.53
	No	4.18	.64
	Total	4.34	.59
Price of the Extended Brand*	Yes	3.36	.53
	No	3.20	.59
	Total	3.30	.55
Number of Products Associated with the brand	Yes	3.43	.69
	No	3.36	.72
	Total	3.41	.70
Familiarity of the Brand	Yes	4.08	.70
	No	4.18	.71
	Total	4.11	.70
Fit between parent brand and extended brand	Yes	3.49	.56
	No	3.45	.56
	Total	3.48	.56
Advertising Impact	Yes	3.93	.56
	No	4.01	.67
	Total	3.96	.61
Parent Brand Association*	Yes	3.77	.56
	No	3.63	.63
	Total	3.72	.59
Product feature similarity	Yes	4.13	.55
	No	4.05	.47
	Total	4.10	.52
Brand Concept consistency	Yes	3.83	.55
	No	3.74	.66
	Total	3.80	.60
Preference towards Brand Extensions	Yes	3.81	.75
	No	3.20	.75
	Total	3.30	.76

N = 374: Number of users = 238

Number of non-users = 136

\*Significant at 0.05 level

The MANOVA results show that H2, H2a, H2b, H2c, and H2h, have been supported while H2d, H2e, H2f, H2g, H2i, and H2j, have not been supported. Further, on examination of the univariate descriptive results shown in table 3, it has been found that for users, cognitive mechanism (mean=3.67 versus 3.97), quality of the parent brand (mean=4.44 versus 4.18), price of the extended brand (mean=3.36 versus 3.20), and parent brand association (mean=3.77 versus 3.63) influence their preference more than they do for non- users. For the other factors the difference between users and non-users is insignificant.

**OBJECTIVE 2**

To establish a relationship between the selected dimensions and consumer preferences for brand extensions.

This objective was examined by testing the hypotheses H1, H1a, H1b, H1c, H1d, H1e, H1f, H1g, H1h, H1i, and H1j, using Multiple Regression. The researcher decided to conduct multiple regression analysis for users and non users separately in addition to the overall respondents. This was done because, it was found (using MANOVA) that usage has significant main effects on the study variables. The selected dimensions entered the regression model as independent variables and consumers' preferences for brand extensions entered as the dependent variable respectively.

**Testing hypotheses H2, H2a, H2b, H2c, H2d, H2e, H2f, H2g, H2h, H2i, and H2j.**

H2: There is a positive relationship between the selected dimensions and consumer preferences for brand extensions.

H2a: There is a positive relationship between cognitive mechanism and consumer preferences for brand extensions.

H2b: There is a positive relationship between quality of the parent brand and consumer preferences for brand extensions.

H2c: There is a positive relationship between price of the extended brand and consumer preferences for brand extensions.

H2d: There is a positive relationship between number of products associated with the parent brand and consumer preferences for brand extensions.

H2e: There is a positive relationship between familiarity of the brand and consumer preferences for brand extensions.

H2f: There is a positive relationship between fit between parent brand and extended brand and consumer preferences for brand extensions.

H2g: There is a positive relationship between advertising impact and consumer preferences for brand extensions.

H2h: There is a positive relationship between parent brand association and consumer preferences for brand extensions.

H2i: There is a positive relationship between product feature similarity and consumer preferences for brand extensions.

H2j: There is a positive relationship between brand concept consistency and consumer preferences for brand extensions.

The above entered as the dependent variable. As mentioned earlier, multiple regression is conducted separately for users, non users and the overall respondents. The Enter method is used to establish the relationship.

The Table 4 represents the user, non-user and overall regression results for consumer preferences.

**TABLE IV: REGRESSION RESULTS PREDICTING RELATIONSHIP BETWEEN VARIABLES**

Independent variables	Standardised Beta Coefficients for independent variables		
	Users	Non-Users	Overall
Cognitive Mechanism	-0.16*	0.02	-0.07
Quality of the Parent Brand	0.12	0.09	0.12*
Price of the Brand Extension	0.15*	0.11	0.13*
Number of Products Associated with the brand	0.21*	0.17*	0.21*
Familiarity of the Brand	-0.05	-0.09	-0.09
Fit between parent brand and extended brand	0.12	0.11	0.95
Advertising Impact	0.05	0.11	0.95
Parent Brand Association	0.22*	0.35*	0.28*
Product feature similarity	-0.79	0.05	-0.02
Brand Concept consistency	-0.13	0.36*	0.12*
R <sup>2</sup>	0.248	0.639	0.350
Adjusted R <sup>2</sup>	0.214	22.08	0.332
F	7.469	22.08	19.55

\* Significant at 0.05 level

The R<sup>2</sup> for the users of brand extensions is found to be 0.25 indicating that, for users of brand extensions 25% of the variation in the dependent variable (preference for brand extensions) is explained by the selected 10 dimensions, while for the non-users 64% of the variation in the dependent variable is explained by the selected dimensions and for the overall respondents, the variation is 35%. It also shows that adjusted R<sup>2</sup> = 0.21 for users

0.639 for non-users and 0.332 for the overall, which means that any time another independent variable is added to this model, the R<sup>2</sup> will increase (even if marginally), for users and overall respondents, but for non-users there is no change.

This regression model results in the ANOVA, which is reported by F – ratio = 7.469 ( $p < 0.05$ ), for users, 22.08 ( $p < 0.05$ ), for non-users and 19.55 ( $p < 0.05$ ), for overall. This indicates that the regression model for users, non-users and overall respondents is significant. On examination of the standardized beta coefficients, it is found that:

a) Cognitive mechanism ( $\beta = 0.169$ ;  $p = 0.012$ ); price of the extended brand ( $\beta = 0.158$ ;  $p = 0.027$ ); number of products associated with the brand ( $\beta = 0.213$ ;  $p = 0.001$ ); and parent brand association ( $\beta = 0.223$ ;  $p = 0.006$ ); influence consumer preferences for brand extensions among users,

b) Number of products associated with the parent brand ( $\beta = 0.17$ ;  $p = 0.006$ ); parent brand association ( $\beta = 0.359$ ;  $p = 0.000$ ); and brand concept consistency ( $\beta = 0.36$ ;  $p = 0.000$ ); influence consumer preferences among the non-users, and

c) Quality of the parent brand ( $\beta = 0.123$ ;  $p = 0.009$ ); price of the extended brand ( $\beta = 0.130$ ;  $p = 0.008$ ); number of products associated with the parent brand ( $\beta = 0.217$ ;  $p = 0.000$ ); parent brand association ( $\beta = 0.282$ ;  $p = 0.000$ ); and brand concept consistency ( $\beta = 0.127$ ;  $p = 0.024$ ); influence consumer preferences for the overall respondents.

The statistical significance is found to be in the directions hypothesised. The results support the hypotheses H1, H1a, H1c, H1d, and H1h for users, H1, H1d, H1h, and H1j, for non-users and H1, H1b, H1c, H1d, H1h, and H1j for overall respondents.

This indicates that the regression model for users, non-users and overall respondents is significant.

**DISCUSSION**

The study reveals (based on the MANOVA) that, there is significant difference between users and non users of brand extensions on the following four factors namely, (i) cognitive mechanism, (ii) quality of the parent brand, (iii) price of the extended brand and (iv) parent brand associations. For the remaining six factors, there is no significant difference between them. A higher mean value for the four factors suggests that users lay more emphasis on these factors. The findings suggest that the difference among users and non- users in cognitive mechanism may be due to the modes of learning and sources of learning. Since users have the advantage of having used and thereby experienced the product, their learning could vary from what non users learn.

An examination of the mean value of quality of the parent brand, in terms of reliability, durability, serviceability, etc, shows that it is the strongest of all the variables being studied. It points to the importance given to quality and indicates that if the quality of the parent brand is high then the chances of acceptance of the brand extension are good. Both users and non-users differ in their opinion towards price. Again, since users may have purchased the extended brands themselves they tend to have a better idea about the price, though both may expect the price to be moderate.

The higher mean value for parent brand associations for users indicates that users are more influenced by these associations than do non-users. This could be the result of users having higher number of associations than non-users by virtue of the higher cognition arising from using the extensions. For non-users these associations could be fewer in number and hence, the purchase influences could be lower.

Users may subject newer products with the same brand name to a rigorous scrutiny than do non-users, which leads to suggest that the level of involvement with brand extensions is higher for users than for non-users.

The study reveals (based on the regression analysis) that users and non-users are found to be influenced by different sets of factors for their preferences towards brand extensions. Users are influenced by (i) Cognitive mechanism, (ii) Price of the extended brand, (iii) Number of products associated with the parent

brand and (iv) Parent brand associations. Users may have learnt more about brand extensions than non-users because, they already may have got enough information before purchasing brand extensions and also through the experience of using extensions.

An interesting result derived from the study is the negative influence between cognitive mechanism and preference towards brand extensions. This leads us to conclude that the more users learn about brand extensions, they may probably be receiving differing opinions from various sources, which could lead to the user being confused. This could also be a sample specific result where the users could have shifted to other brands.

The next factor that users consider important is the price of the extended brand. Since the Beta value is significant, users seem to judge a brand by using price as an indicator and, thus, the price of the brand extensions is an influencing factor in consumer preference towards brand extensions. This is in line with earlier researches of Jun, MacInnis and Park, (2005), and Taylor and Bearden, (2002). This may be due to the fact that consumers may have a reference price as a result of their knowledge arising out of using the parent brand and other sources of information. It could be an indicator that the Indian consumer is price conscious when it comes to buying products, in general, and brand extensions, in particular.

Another factor that influences both users and non-users of brand extensions is the number of products that are associated with the brand. Consumers are likely to generalize the benefits associated with the narrow brand than with the broad brand. If the parent brand's benefits are desirable in the extension category then consumers will prefer brands with more products associated with the brand. Many brands have acquired a variety of different associations through continuous extensions, promotional activity and consumer experience.

As additional products are added to a brand consumers acquire knowledge of the brand in multiple contexts and hence greater will be the amount of data consumers have on the brand. This leads to greater confidence in their brand associations. Consumers may likely to have a positive feeling towards an object when they are exposed more frequently.

The high value of the Beta coefficient for Parent brand associations supports the point that a) more the number of associations towards the parent brand the probability is that preference towards brand extensions will be more and positive; and b) the more positive the associations the better is the preference towards the brand extensions.

The results demonstrate that whenever an extended brand is presented for evaluation non users appear to take into account brand concept consistency. Prior findings concerning extensions suggest that consumers react less favourably to brand extensions that lack fit with the brand concept than to those that possess the fit. An extension product is seen as consistent with the brand concept depending on how readily it can accommodate a brand name concept. Non-users prefer brand extensions which have a consistent brand concept with the parent brand. A strong beta coefficient for brand concept consistency indicates that non-users are very particular about associations and expect brand extensions also to have the same associations.

In general the study has found that a clear pattern of behaviour is emerging among Indian consumers. Indian consumers are highly concerned about the associations with the parent brand being consistent across more number of products under the parent brand. This is evidenced by the overall effects of the ten dimensions on preference towards brand extensions. However, they also seem to judge the brand extensions with due consideration given to the quality of the parent brand and price of the extended brand. The study also reveals that two factors i.e. number of products associated with the parent brand and parent brand associations are common influencing factors for both users and non-users and, thus, is also present for the overall respondents.

This study has some limitations and hence future research could refine the relationships and variables that moderate them. First this study is limited to one district. Considering the vast cultural and sub-cultural differences in India, future studies could consider samples across the country to get a better representation of the population. Second future research could consider more dimensions as variables and use structured equation modeling to get a better understanding of the complex nature of consumer preferences.

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