Effects of Brand Extension Strategies on Consumer Buying Decisions

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ABSTRACT---- Brand extensions are widely used as one of the best strategies all over the world which add value in brand equity. Brand extension is the concept that reflects bringing new products in to the market. Through brand extension strategies companies who are applying, can stay in the market for the longer period of time because by offering new product after some time not only satisfy its customer but also strengthen company’s image in the mind of the customer. Brand extension closely link up with consumer’s memory and recall. For this reason managers have greater responsibility of keeping the company’s name and reputation high. By keeping in mind the Pakistani market environment brand extension require more efforts from managers. Political and economic situations are highly uncertain as well as customer have limited financial capabilities. Manager’s have dual responsibility from corporate side to make strategies in alignment with company’s vision and mission and on the other side manager’s are also responsible for creating enough point of differentiations in child brand in comparison with its parent brand. The risk of brand dilution is also there, in case if managers are failed to develop consistency in feature of child brand with its parent brand or they failed to define point of parity with its parent brand. This research study is conducted in Karachi by keeping in mind the Pakistani market environment. Interviews with brand managers of different companies who are actually facing day to day challenges in brand extension have been taken and analyzed under phenomenological tradition.

Keywords--- Brand extension strategies, line extension, brand equity, Consumer buying decisions

1. INTRODUCTION

Brand extension strategies can be considered as one of the most essential factor of creating brand equity (Aaker 1990; Tauber 1981). Brands used to be associated with product but it has been a consideration on corporate brands (Mott ram, 1998). Brand equity refers to the endowed value in the mind of the customer. The concept of brand equity has been discussed and explained by several studies. Brand equity is been explained through two major perspectives financial aspect and marketing aspect. Brand image and brand awareness are the factors which creates perception in the mind of the customer and these factors eventually add value in brand equity (Pina 2003 etc). The important concept here is consumer memory. Associative model conveys that memory is the set of interlinked nodes and links (Wyer and Srull 1989, Keller, 1993). Brand extension is the extended or additional product within the same or different category of the same brand. Brand extensions strategies are assumed to increase the efficiency of the firm’s investment in advertisement and creating awareness through advertisement (Aaker 1990; Simon and Sullivan 1991; Tauber 1988). Brand extension usually considered as profitable both ways, horizontally and vertically, but there is a possibility of bearing extra expense of bringing on the new product in the market for example product introduction and advertisement would need certain amount of expanses on it (Collin-Dodd and Louver 1999, Tauber 1988). In contradiction to this point of view, brand extension strategies in consumer goods are not more profitable than other markets for example automobile industry. Automobile industry observed a successful brand extensions as new model of any brand comes, it automatically get noticed by its customers. Successful brand spent less on advertising rather new product development. Investment on developing established brands, companies cut the cost of launching brand extension (Xie, 2008). Type of the product plays a vital role in deciding whether to go for brand extension strategy or not. Many of the child products are benefited from the reputation of their parent brand or they get benefitted from their existing /parent brand names. There are many cases which came under observation where child brand create more sales than parent brand. Coca cola cherry flavor is an example of this where less advertisement is been done, and product sales are greater than real coca-cola.
Since 1990 brand extension has become the area of interest of many researchers. In all previous studies on brand extension it is been identified as researchers main concern was to identify some variables which are essentially playing part in brand evaluation. According to Keller ad Aaker, “through brand extension new product categories emerged into already existed brand name”, (Czeller, 2003). Extensions are described as a strategy to launch new product within a current product class or outside a product class (Chen and Liu 2004). In last couple of decades brand extension has introduce as strategy of profit making and along with this many other strategies have been emerged (Martinez and Pina 2003). According to Tauber (1981) two methods of brand extension strategies are known 1) brand extension and 2) line extension. In addition launching of product with some minor changing but with the same category, where in brand extension new product is launched within the umbrella of the existing brand name (Tauber 1981). Several strategies have been suggested for successful brand extension. According to (Kotler, 1991), one successful strategy of brand extension is to give different names to different products without exhibiting the connection, on the other hand some products have their parent brands name on them and this could be a cause of failure if awareness about the core features about parent brand has not been developed well, and it could affect the whole brand line (Sullivan, 1991). Even though the success rate of brand extension strategies is high but still there is a chance of failure. According to (Ernest & Young and AC Neilson 1999; Marketing 2003), 80% of FMCG products are failure in case of brand extension strategies. If any inconsistent features which is not reflecting the actual brand attribute added will be a cause of distortion of the core belief about corporate brand (Kim, Lavack and Smith (2001). Brand extension strategies have been divided into two categories horizontal and vertical brand extension. Vertical brand extension strategies have further two divisions which are upscale and downscale, Xie (2008).When a firm bring new products in a market with higher prices and improved high quality then its product then this will be upscale strategy. On the other hand when a product is launched with low quality and price then its existing brand line, then it will be downscale strategy (ibid). The problem with the adoption such strategies may harm the parent brand reputation, and it may possible that managers fail to create enough awareness that is required to maintain the reputation of that core brand. Consumer desirability toward brand extension depends on different image dimensions which are social identification and desirability, reflection of consumer class and status (Park et al.,1991;Kim et al.,2001.; Lye et al.,2001), del Rio et al,(2001). Park, Milberg and Lawson (1991) were the very first among many who work on product attributes, its features and consistency among all offerings the fit between all of them constitutes a successful extension. A brand extension favors trials of new brand, as trials facilitate consumer decision making power (Alba and Hutchinson 1987; Johnson and Russo 1984; Park 1976; Park and Lessing 1981). Trials of new brand open up the set of new information and this information results increase in brand recall and heavy impact on brand attitude, which at last resulted as building positive brand evaluation, but it would be vice versa in case of bad experience with the product (Swaminathan, Fox, and Reddy 2001). Retailers’ acceptance of child brand would be greater if the reputation and performance of parent brand is consistent with child/extended brand. As Blomquist and Holm (2004) explains that competition among value providing entities exist almost in all organization and due to such competition it is becoming difficult to evaluate each provider the reason is availability of large number of similar product. On retailer’s point of views brand performance, its features, its attitude and other factors linked with the retailer performance, expectation from him and positioning characteristics are the key factors of brand success or failure. A strong corporate brand is has many strong point of discriminations in a tremendously increasing competitive environment (Balmier, 1995), for this purpose the level of trust customers have on any particular distributor (Rotter, 1967) actually creates point of differentiation. Customer confidence and willingness to buy that brand is all about the level of trust and confidence upon retailer, on the basis of communication, strategies and decisions of others (McAllister, 1995). Trust is reported as one of the essential part of brand credibility in accepting brand extension strategies (Raymond, 2000). Trust is reported as a factor that involved in creating brand credibility in brand acceptance (Keller and Aaker, 1992); it also a factor that is behind the brand loyalty (Berry, 1993; Reicheld and Schefter, 2000) in between the successful B 2 B relationship. There are many past researches also presented on the factor of trust but some recent publications are explaining the importance of trust in maintaining the relationship with brands (e.g. Aaker, 1997; Fournier, 1998). Perception of the brand plays a vital role in trust building. In a consumer context, brands are reported as a significant association between company credibility and consumer likeability and believability. De Chernatory and M Donald (1998) explained that industrial buyers are more concerned about the brand identity rather the specific product or different extensions of the same product line. Brand extension strategies have a potential financially managing the spillover effect from advertising for other extended product line associated with the same brand. As brand extension strategy has many pros and cons, and implication of it varies in different types of product brands and their uses. Determinants of brand extension strategies should be identified with the elaboration of either to go for line extension and if yes than which line extension strategy would be more suitable to help out consumers to recall and can easily differentiate the difference or extra value given in new product in comparison with previous product of the same brand. As well as producer of that particular brand should create and communicate the point of differentiation on the basis of which he is adopting line extension strategy.
This research study will answer the following questions

1. What are the brand extension strategies available for Pakistani market and whether these strategies are successful/failure?
2. How much successful are the efforts of brand managers in creating enough awareness which can help out consumers in differentiating parent brand and child brand?
3. When and which stage of product life cycle is more suitable for extension?

Objectives
1. To identify brand extension strategies prevailing in Pakistan.
2. To differentiate these strategies on the bases of success and failure.
3. To determine the effectiveness of different strategies in creating awareness among buyers
4. To assess the suitable stage for brand extension in product life cycle.

This study will emphasize on some basic issue which companies face specially in Pakistani market. As brand extension strategies have been adopted and applied globally by many multinational companies. In Pakistan market of FMCG and luxurious products also exist but somehow the market behavior is different from global perspective. It could be a cultural impact or limited awareness about the product.

1. This research study will be help full for companies operating in Pakistan to understand the difference of how brand extension strategies are operating abroad and why these strategies are not actually adding value in the parent product equity.
2. Brand managers of different companies would be benefitted as they would know the right brand extension strategy at the right time of product life cycle.
3. Brand managers will be able to forecast and be susceptible about extra expense on introducing new brand will be paid off or dead weight in case f different product type.
4. Consumers and managers of the companies both will get benefitted as on both the side awareness about point of differentiation will be created through this study

Scope
1. The scope of this study is mainly focused on application of brand extension strategies and their effectiveness in case FMCG and LUXURY products.
2. This research study is carrying consumer’s perspective in term of product recall and awareness about the point of differentiation as well as carrying manager’s perspective about why they are going for brand extension and which strategy will be beneficial for them.

Assumptions
1. The Availability of products and phenomenon of marketing is working same as it is.
2. Buying behavior of consumers will remain same.

Definitions of key words
1. Brand extension strategies: Horizontal, vertical and both ways strategies with the same brand name and with their own identity.
2. Brand line extension: Launching of new product in the same category, carrying the same features
4. Consumer decision: Consumer decision about buying certain product on behalf of its brand name.

2. LITERATURE REVIEW

Firms operating in corporate world have recognized the strategic role of brand extension. Brand extension is the stretch of already established franchise to different product class (Aaker and Keller, 1990). Despite the fact that brand extension strategies are very important when introducing new products in market (Tauber 1988), but very less amount of text is found and known about what will be consumer’s reaction of it. Consumer reaction leads toward product categorization. While referring categorization of branded product it involves where new products have been analyzed on the basis it’s perceive fit. Murphy and Median (1985) consumer have developed their own theories, rather comparing object to object points of partities and point of differentiation in the same category. In order to understand the category similarities and dissimilarities, first we have to understand the concept of category. The phenomenon of category is well defined by the phenomenon of relationship among objects and their identification of the product among the same categories (Murphy and Medin). Brand extension is the extension of existing product class into different category or product class (Aaker and Keller, 1990). Brand extensions are the strategies which are used to describe the entrance of new product in the market, with the new segmentation and new categories by the parent brand. Through brand extension strategies growth in the existing product is possible (Springer and Miller, 1990). We can understand line extension by many different
examples like star bucks from coffee to ice cream and Cds, Ralph Lauren from clothing to glasses and house paints (Webster, 2000). Firms have now identified the important of brand extensions in the sustainability of brand in market for the longer period of time which includes the brand name developed in one product class (Aaker, 1990; Tauber, 1988) to another product class. Consumer familiarity with the parent brand name support the entry of new or child product and help new brand to capture market (Dawar and Anderson, 1994; Milewicz and Herbig1994). Brand positioning is the most important segment in developing marketing consistency among all marketing activities. It involve key brand associations in the customer’s mind and develops a competitive superiority (Keller et al.2002). The role of brand intangibles in developing product’s positioning is indispensable that accompanied with corporate image and reputation. Brand Intangibles includes unique aspects of branding techniques applied on parent and child brand. Intangibles do not involve physical attributes or concrete benefits (Levy 1999). Brand intangibles are those key attributes which marketers can differentiate their brand in consumer’s mind (park et al.986). Intangibles are those influential factors which have a potency to influence consumer’s associations (actual and inspirational imagery, experience) (Keller 2001).

One of the most important aspect of branding research is to concentrate on brand intangibles – that side of brand image that do not involve physical or tangible characteristics or benefits (Intrinsic and extrinsic) benefits (Levy 1999). Developing points of differentiations which are not tangibles but can only be felt is the marketer’s main task (Park et al., 1986). Marketers are not only responsible for creating point of differentiation but also create many other sub categories and associations in customer’s mind such as inspirational imagery of user and imagery of purchase and consumption pattern through history, heritage and experiences (Keller 2001). It has been explored through previous researches that association that have been created by marketers actually build the strongest relationship between brand and its customer.

Fournier (1998) has explained the nature of relationship with customer and the nature of relationship that companies want to carry on with its customer. Fournier and Yao 1997, Fournier et al.1998) describe six dimensions beside loyalty and commitments with customer brand relationship can be developed.). Parent brand portfolio, its prestige and perception about it brand in the mind of the customer decided whether child product of this particular brand will respond well or not (Park et al., 1991), perception about complete offering by any particular brand that is brand portfolio(Bausch and Loken,1991) and association with the parent brand are the qualities through which customer can compare the quality of extended product because he/she believe on the credibility of the parent brand (Keller and Aaker,1992). Brand awareness and knowledge about the brand are the factors which capitalize expansion in existing brand because of the development of the strong perception of parent brand in the mind of the customer. Through prior knowledge about the existing brand consumer acceptance of new product / brand enhance and change its overall market position (Keller, 2008). Even though brand extension is positively adding value into new brand line but it also creates danger for parent brand also. The actual brand holder should be aware from the fact that whenever they give their name to new product than customer unknowingly attaches some features of new product with the actual brand. That’s why the necessary factor of brand extension is a fit between brand knowledge and new product features on the basis of which customer can link and easily make a fit between these two. Brand managers with many brand lines have the opportunity to use this expansion as extended product strategies. When new product in the same category launch in the market it must has something similar to the parent brand (Aaker, 1990; Aaker and Keller, 1990; Boush and Loken, 1991). Traditionally, brands with high brand loyalty can bear up price based competition and brand switching (Dowling & Uncles, 1997). Consumer prior knowledge about brand and brand awareness directly impact on building the image of that particular brand in the mind of the customer. That image could be positive and negative both. When customer found those category in his/her memory which reflects the previous experience, prestige and carrying the same reputation of extended brand in term of its parent brand then it will directly link with the positive image in their mind (Keller; 1990), but repeated brand extensions will dilute the equity of already established brand and its prestige. Many researchers have a believe that continuous dilution and combination of different features in extended product would eventually cause a brand equity demise (Gibson, 1990). Another cause of brand dilution is the belief of the consumers have on specific brand attribute. It mostly happen when any particular attribute /feature associated with any particular brand and customers associate their selves with it and when child product comes in the market with new name and added features but the main reason of failure is that customers build their association with the first claim offered by the parent brand for example Neutrogena soap is claimed as mild but the there is a line extension and new product come up like shampoos moisturizes day and night crèmes etc. If the core belief about Neutrogena which was made by soaps distort (like shampoo is has strong contents) than the brand dilution starts and the whole product line will be completely vanished. The difficult task is to do the comparison of the same product category. Data from the market tells that there are two wide variations. And these different variations of analyzing brand extension strategy are known as common brand extension approaches. Vertical brand extension is divided into two categories upscale and down scale extensions. Upscale vertical brand extensions are widely chosen and used in the market for the sake of maintaining reputation and name in the market as well as vertical brand extensions are made when the same quality product as parent brand quality is offered (Pitta and Katsanis, 1995). Vertical co-branding is known as ingredients branding as well (Desai and Keller (2002). Vertical co-branding relates to all the steps in value chain and involves all the members who are in the process of providing value at their own level. Brands who already develop their prestige and always go for upscale extension for example in automobile industry those models who already develop their prestige become popular and gathered customer attention even at higher prices. Converse is the case with functional products in which downscale extension is required. Throughout in the literature written on brand management...
brand extensions are considered as successful (Gibson 1990; Loken and Roedder-John 1993), almost no research is found on whether brand extension strategy influences customer response toward counter extension. Thus very fewer researches have been done to prove that brand extension strategies actually used for the purpose of decreasing the risk from parent brand from counter extension. Marketers of the need to understand how they can explain the risk of counter extensions to make sure about the losses he face will be offset by the gain after launching new product in the market. Down scale vertical brand extension in function oriented is perceived similar to its parent brand’s corporate image than prestige oriented corporate brand. Kim and Lavack states that huge potential is found in downsable vertical brand extension on prestige oriented products by serving the middle class customer who could not afford little expensive prestige product but they are able to afford those products from downscale extension. Even though horizontal brand extension is a successful strategy in almost all product/brand types but many researchers have claimed negative reciprocal effects may occur (Chen and Liu2004). It is cited frequently in many research papers that consumer evaluate brand extensions positively when they are able to compare child and the core brand and found more favorable similarities between them (Aaker and Keller 1990; Boush and Loken 1991; C.W. Park et al. 1991). Dawar and Anderson 1994; Keller and Aaker 1992; Lane 2000; Morrin 1999; Smith and Park 1992) extend the idea that it is not necessary that brand extension always come up with the same category product, but it is likely to be happen that marketers are sometime attracted to extend their products by dissimilar categories (Dawar 1996; Dawar and Anderson 1995; Wanke Bless, and Schwarz 1998, Hawn 1998) or to focus on those attributes which are not consistent with the perceived image of the parent brand (Klink and Smith 2001; Roedder John, Loken, and Joiner 1998).Researcher recently have recognized that how dissimilar attributes between child and parents brand leads to manage strategically successful launch of child brand in the market. For this purpose researcher analyzed those brand offerings which has a wide range (from closest to farthest to the parent brand), such wide range of offering provide more freedom to the customer in buying decision and could coherent with the brand image (Dawar and Anderson 1994), Wanke et al. (1998), further add into it as the belief transferred from parent brand to child brand could be the contextual information i.e. the relationship between the model name and prior brand name rather having similar features in both parent and child brand. This transfer of name rather transfer of feature instigate the sub branding strategy that may progress the measurement of brand extension with sub branding strategy fit between actual brand extension strategy (Milberg, park and McCarthy 1997).The overall sum up of the discussion is that marketers are able to manage the brand extension strategies favorably and positively even they have dissimilar brand extension and its attributes to enhance consumer acceptance. Most of the firms in the corporate world believe on the linkage between the strategic roles of brand extension strategies. Brand extension strategies are widely used and recognize as Capitalization on brand equity (Aaker, 1990; Tauber, 1988). When extended product of any brand launched, it is expected to have positive impact on its current sale (Aaker and Day, 1974; Lavidge and Steiner, 1961). It is been believed that positive expectation with the extended products are due to the influential role of advertisement that make consumer realize that the product which they are going to purchase must have distinct attributes (Aaker1990). Many research studies shows that the power of the brand lies on how it is been perceived (Biehal and Shenin 1998 and Dowling 1994). (Argenti and drunken miller 2004), distinguish between corporate associations related to corporate facilities provision for example expertise in producing and delivering products or services offered by provider and others are related to corporate social responsibilities (CSR) that is related to the character of a company or role played by the company for the betterment of the society. Keller 1991 has explained that corporate image is the factor that comprise on many association created by marketers and these associations eventually turned out to be in the form of high preference and favorability by the consumer. Brand image is a strategic tool for developing brand loyalty among customers and this tool is equally important from customer perspective as well as managerial perspective (Bhatt & Reddy, 1998; Yoo, Donthu& Lee, 2000).

3. METHODOLOGY

This research study follows the philosophy of phenomenology that focuses on external objective and it is dependent on social actors. The reason to follow phenomenology as a tradition of inquiry is to get the living experience of a person or a group of people who are actually operating in the market. Keeping the basic reason of this phenomena (phenomenology) in mind the insight of market response toward brand extension strategies is intend to find. Through the interpretation of their (marketing manager) own experience regarding brand extension, how it is practically implacable and what brand managers actually do when they create awareness about extension in product line. In addition what reason leads toward brand extension in the same category and vertical brand extension? Inductive approach is followed as; in-depth interviews have to be taken in order to fulfill research questions of the paper to be answered. Data is collected from brand managers working in different companies and involve in making brand extension strategies. Selected mangers who are interviewed are supposed to be the representative of the population and are 10 in numbers, and are brand/sales managers in different companies. After data collection all the responses will be transcribed and translated up to the level of understanding of common person. After analyzing data, generalization of the findings will be assumed as the most applicable phenomenon exists in Pakistani market.
This study is qualitative in nature and conducted by collecting non numeric data. In the view of the fact that the topic “The effects of Brand Extension strategies and consumer buying decision” focusing on the effects of brand extension in term of effect of parent brand and child brand strategies which risks, challenges exist in current market and future market in Pakistan. That is why this research study will be conducted by in-depth interviews with the brand managers of different companies, in order to get the practical implication of brand extension strategies in Pakistani environment.

In this research study various aspects and concepts have been covered through secondary sources which include previous research papers, books on brand equity and its measurement, whereas in-depth interviews are taken to know some risks, challenges, obstacles faced by managers in Pakistani market environment.

1) What are brand extension strategies and globally in which market these strategies are implemented.
2) What are basic categories of brand extensions and in which product types these categories (horizontal brand extension, vertical brand extension) are implemented
3) What sort of brand extension strategies are available in Pakistani market are success and failure rate up till now (primary data).
4) At what stage of product life cycle it become indispensable to adopt brand extension strategy and how managers decide to apply it in different product type. (Primary data).
5) Challenges, risks, solution, strategies will be discussed though interviews. (Primary data).

The population of the study comprise on brand managers working in different well known companies operating in Karachi Pakistan. The reason for choosing brand managers for this study is to get the proper updated information about the existence and working of brand extension strategies available in Pakistani market. The main objective of conducting this research is to identify the application of brand extension strategies, its success and failure in Pakistani market and consumer buying decision about the final purchase of either the child brand of the same category or different product in the same category. Another reason of contacting brand managers for interviews is brand managers are responsible for creating awareness among customer. As managers are the actors who make strategies for parent and child brand and also take decisions about at which product life cycle stage they adopt product extension strategy that’s why the most suitable population to interview are managers of different companies. In addition brand manager of different companies (which are implementing brand extension in their companies) can better explain challenges, risks and obstacles operating in Pakistani market especially when implement brand extension strategy for their brand/products, as well as how managers are solving such issues, and how they are competing with global challenges.

As this study is qualitative in nature therefore describing the sample type and sample size is one of the essential parts. For this study it is planned to collect non numeric data from 10 brand managers of different companies. Brand managers of FMCG and luxurious products both are going to be interviewed as to know the fact that which product type is more prone to have brand extension strategy and in which products type role of brand manager is greater than other product type in term of creating awareness among customers. For this research study both primary and secondary data is considered. Secondary data is extracted through already published research thesis, books by authentic authors like Keller and many others on brand equity and relevant topics also considered for the basic understanding of brand extension strategies concept. Primary data will be collected through one to one in-depth interview with the brand managers of different companies who are offering products. In-depth interview questions in the form of interview guide will be developed and filled. In order to collect data, brand managers of different companies will be approached and interviewed. Interviews will be recorded. Question which are included in interview guide are about the acceptance of brand extension in Pakistani environment, awareness created by brand managers toward brand extension strategies, at what stage of product life cycle brand extension become indispensable, what reasons of brand dilution, challenges faced by managers in Pakistani market to marginalized brand extension, . It also includes some question which highlights the efforts of brand manager of different companies in creating awareness about new line extension. In addition through this interview guide it is been tried to get the decision making of brand managers regarding the stage of PLC and brand line extension.

4. ANALYSIS AND FINDINGS

Brand extension strategies are widely known and applied as one the most famous and effective way to introduce, launch and survive in the market for the longer period of time. Brand extension strategies sometimes are helpful in increasing company’s sale and put a positive impact on customers mind by increasing company’s portfolio. All over the world including Pakistan such extension strategies are used as a tool to stay distinct with its competitors. Many researchers in marketing area have declared brand extension is one of the important segments of marketing, Kevin lane Keller and Tauber are among those who are highlighting the importance of brand extension strategies in branding decisions. Brand extension mainly reflects launching new product in market for the sake of customer’s satisfaction and to target new set of customer’s and fulfills their needs. Many researchers also declared brand extension strategies as a tool for companies to survive in the market. Brand extension strategies have divided into two broad categories, horizontal brand extension and vertical brand extension. Horizontal brand extension is possible either launching product in the same category or it is possible in launching product in different category. Launching product in different category carries many risks of failure.
of new product because brand extension closely related with consumer perception and image of brand. On the other hand vertical brand extension is further divided into two which are upscale and downscale strategies. When companies decides to introduce new product that is carrying features better than parent product has then it is upscale strategy. Conversely when company decides to introduce new product that will have features lesser than parent product is carrying then it is down scale strategy. Companies usually adopt down scale strategy to capture the whole market and tried to fill gaps in all segments. We easily can identify brand extension strategies adopted by many firms for example P & G launched many brand like H&S, Pentene, and secure one of the leading company’s position by launching 7 most selling products in non food items in 2013. And continuously working to bring variants in its product portfolio. Another example taken by Unilever operating in Pakistan is also working for line extension vertically and horizontally both ways. Brand extension strategies are closely related with consumer perception and image of the brand. While building reputation and image is not the phenomena of a year or two rather it takes whole decade to establish name in the market. Reputation develops with continuously providing value to the customer and through this develops trust with customer. When trust is developed then people start believing on what company is claiming and promising. Through continuously proving their word of mouth, fulfilling their promises, and providing value to the customer, company’s perception establish more constructive in the mind of the customer. As in associative memory model, it is discussed that customer remember experiences and on the basis of their experiences their loyalty increases. Manager’s efforts in this regard are very essential as without manager’s market sense and forecasting company cannot predict success and failure of child product. When considering the relationship of parent and child brand it is revealed that when applying brand extension strategies two possibilities are obvious. Either child brand carrying the parent name with its own name and other one is child brand is launched independent apart from parent name with its own name. Multiple effects have observed for this phenomenon. Firstly, those products which are carrying parent brand with their own name are taking risk of their reputation and image in customer’s mind. If child product does not build its reputation as its parent company has already established then it will be threat for parent company because its name is on stake. And people can always show their dissonance by switching to another brand of different company. On the other hand, when new brand is launched independently(without carrying its parent brand) then it may be a possibility that customer get unaware of the parent brand name and brand equity will not transferred to parent brand account. In Pakistani market perspective, market is stagnant and bounded in boundaries. We have limited number of customers. Every company is trying to pull customer by offering different variants and different combinations of features and packaging to attract customer. Developing consistency among parent brand and child brand features is also a challenge for brand manager’s because customer always try to find those basic features of parent brand along with added features in child brand. Globally it is recommended to launch child brand under the company’s corporate name, so through using corporate name company can cash and enjoy its account of brand equity. In addition extension either in the same category or extension in different category there are greater chances of success but more risk is attached with it also. Sometimes extension in cross selling could be successful also. For example PEPSI introduced LAYS as its complementary product.

Company’s mission and vision must reflect in its own offerings in shape of parent and child brand. Uniformity should be reflected and alignment between company’s claim and what actually it is offering not only will build positive image but also develop the relationship of belongingness and loyalty in customers. Brand extension strategies can be a cause of success or failures for an extended product as well as these strategies are powerful enough to distort the image of a company. Through literature and interviews the phenomenon that is observed is consumer memory. Consumer always remembers their first interaction with the child brand and compares this with when they first time use parent brand. Consumer recall their good and bad experience with a product either it could be a parent brand or child brand. Once good or bad image is developed it is very difficult to change people’s perception. Similar is the case when launching product in different category, it may either add value or may distort the image of the company. When customer loyalty with one brand is developed and relationship of trust is there then every time whenever extended product is launched they check the consistency among the features of parent brand and child brand and on the basis of previous knowledge and experience with the parent brand customers evaluate child brand. Strong advertisement is a tool when develop loyalty in customer, for example sequels of parent and child products are effective in this regard and many more other things depends on product to product can put positive impact.

A manager effort varies from industry to industry as well as product type also. High involvement products require less advertisement because customer himself search about the product because he is investing big amount, whereas in case of lo involvement products manager’s efforts require more intense advertisement. Manager’s role is very essential as brand extension strategies, their adaptation and application require awareness about what is happening globally and changing marketing situations in various different categories of the specific products internationally. Manager’s efforts toward introduction, placement, shelving and advertisement of extended product and always keep alignment with company’s mission, vision, reputation, image in the market as well as parent product reputation in the market would be very challenging.
5. DISCUSSION

Brand extension strategies are bringing child product under parent name. Brand extension strategies bring advancement in company’s portfolio \[F1\]. There are mainly two types of brand extension strategies 1) horizontal and 2) vertical brand extension \[F1\]. In horizontal brand extension new product is launched in the same category where in vertical brand extension strategies child product may belong to different category for example Racket and Coleman once selling Paracetamol with the logo of lion on it, later on they launched the same formula with the name Disprol that was initially not successful because people were not familiar with the new name Disprol later on company spend much to advertise the product and aware people about it \[F1\]. Sometimes child brand earn greater success than parent brand and bring more prestige to the parent brand. But sometimes child brand bring failure to the company. Mostly failure cause due to inappropriate strategies applied by brand manager for example with the same case of Paracetamol and Disprol instead of changing the Child’s name company tried to change the parent name. So strategies are available in Pakistani market but as market is confined that’s why rather going for brand extension in vertical form brand extension in horizontal form is more compatible \[F10\]. Brand extension strategies sometimes positively affect consumer purchase decision, if parent product has develop positive image in consumers mind \[F2\]. As brand extension may cause failure in the market when not applied carefully that’s why companies try extended products at regional or country level and when extended product got successful then it is adopted as permanent brand extension\[F4\]. A brand is called brand when its accessibility, display, and image is been perceived in consumer perception then we can go toward its extension. Another Use of brand extension strategies is to stay in the market for longer period of time \[F1\].

There are many companies which are continuously extending their brands like P&G is on the top of the list because P&G does not attach its corporate name with its child rather they are focusing on developing on brand itself H&S, Pentene etc. where the major facture that create deception and could be a cause of product failure is launching the product in wrong category \[F7\]. In this regard, mostly FMCG products are failure if they are not launched with their parent brand name it depends upon companies’ reputation and image in the mind of the customer, if image is strongly captured and reputation of the 9company is strong then it would be successful but managers have to consistently working on image development of child brand \[F5\]. Brand extension strategies vary from product type also like luxury products takes less efforts of manager to extend its child brand \[F2\]. We can take examples of P & G who do not attach its corporate name with its variants, while on the other hand Unilever always attach its name with its variants like Unilever does for example sunsilk amla, Sunsilk for straight hairs etc. the reason for bringing new variant in market with the corporate name on is that company already develop its image and established share in market. Success of child brand will transfer into the brand equity of parent. Whereas company launch product without its corporate image and if child brand fails than company corporate name will not be demolished\[F7\]. Consumer perception about a product once developed is not easily changed consistency between child brand and parent brand elements would create a positive impact on consumer perception \[F13\]. Brand extension cannot be done at introductory level. When product become mature and when manger feel that people like the product and something new in it than parallel extension will be necessary\[F14\]. Consistency within the child and parent brand elements is easy to develop associations in consumers, but if parent and child brand features is inconsistent with each other than manager should not try to convince customer to buy it\[F5\]. Brand image depends on brand perception. And perception develops through creating brand associations. Brand trust develops through advertisement. Brand persona is another thing which needs to be clear. Brand persona should reflect the purpose of product \[F13\]. Brand extension without proper segmentation is just like corporate suicide. Extension strategies could be successful in long term and would be a source of earning for a company (if adopted successfully) but in short term will not help out in increasing company’s sales \[F5\]. For branded products company’s logo is the factor which consumers keep in their mind for longer period of time that’s why its manager’s responsibility to not to go with any inconsistent element that create negative image in consumer’s mind. Because with one negative impact the whole company’s reputation will be on stake \[F6\]. Point of differentiation (PODs) is those unique features which must be identified and communicated well to consumer to easily recognize the difference between parent and child brand. These PODS must be created in both type s of products luxury and non luxury. But for luxury products managers efforts are less but hype should be created to gather people’s attention \[F3\]. In Pakistan’s market environment brand extension are not essentially required as market is very limited. In such type of environment companies should not go for brand extension as it will be very expensive for company to bear up the cost of advertisement and launching in the market, rather Pakistani environment is more required offering variants in the same category \[F10\]. Offering new variant will be less expensive and good for company’s survival in the market. Managers should focus on parent brand image and prestige because whatever comes as extended product is been perceived well by the customer. Now the important point here is to maintain the level \[F5\].

6. CONCLUSION

By analyzing brand extension strategies and its effects on consumer buying decision, it has been concluded that brand extension strategies are very effective tool for companies to stay in the market and capture market share. Brand extension strategies are also helpful in developing strong perception in the minds of the customers by offering child brand. Brand
extension strategies are also a very powerful toll to increase company’s portfolio. Even though brand extension strategies are very influential but there are some risks associated with them also which are the risk of company’s image (if child brand is not consistent with parent brand features). Company’s image would be distorted in case of unidentifiable point of differentiations and point of parity with parent brand. In the context of Pakistan’s environment brand extension is acceptable but not very successfully run because of the limited market and availability of many competitors in the same category. In addition, in Pakistani market even the market boundaries and limited still there are chances to adopt and apply both vertical and horizontal brand extension. Only political situation in Pakistan restrict the market and restrain companies operating in Pakistan from adoption of various strategies and taking bold decisions. In addition in Pakistani market scenario where market is limited and everyone’s share is confined then there is little room for everyone to earn its maximum profit. Brand dilution is another issue that can bring risk for managers as by offering too many products with very little variations which are unidentifiable may dilute the actual uniqueness of parent brand. Here the basic phenomenon is to survive in the market not the maximum share. That is why; unfortunately managers are not creating enough awareness among customer. However variants are continuously coming every other day. Challenges are many as risk factor is quite high. Another important concept that has been observed that product type is very important factor while adopting brand extension strategies.

7. REFERENCES


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