

The Positive Impact Of Brand Extension And Brand Architecture on Brand Image

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Abstract

Companies have used brand extension or expansion strategies in recent years to sell their new products, as this approach will decrease the risk of failure of such goods or services because customers are more comfortable accepting new goods that are introduced under established brands or under the same brand portfolio. This research targets to explore in depth the positive impact of brand extension and brand architecture strategies on the brand identity and assess the influence brand extensions have on their brand image and concentrate on the brand architecture impact that brand extensions or strategies have on them. Data was collected from a sample of 197 university students by using questionnaire. Participation in the survey is limited to students living in Ernakulam district. Two independent variables used in this study are brand extension and brand architecture and the dependent variable is brand image. The concluding observation is that that customers don't have a particular attitude towards the brand's architecture, it is always the sub-brands that creates a brand image for the brand's architecture of products.

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I. INTRODUCTION

In this increasingly competitive global market companies are trying to survive and take advantage of growth and opportunities. One way for the companies to achieve this is by differentiating them from their competitors by creating strong brands and increasing profitability by cutting cost. By creating new brands are the future opportunities available in the market for the company. By introducing new brands companies can also achieve cost cutting and also there is low risk of product failure. The risk for product failure is less because customers are more comfortable using products under known symbol or under the same brand portfolio.

The aim of this analysis is to analyze in depth the positive impact on the brand image of brand extension and brand architecture approaches, taking into account the most important variables such as brand extension, brand architecture and brand image. Brand image conveys the worth of

the brand to the consumers, it is integral component of brand equity as it will define the set of beliefs, idea and impression the consumer have towards an object or product. There is also a possibility that new products or further brand extensions can affect the mindset of the consumers. To reduce the negative effect there should be a match or resemblance between the parent and the extension brand. Yet at the same time effective brand extension has helped the company to increase its revenue, market share and diversify its offers as well.

Brand architecture helps to understand the extension or transition of different corporate image associations from the brands of the organization to all or any sub-and products in its portfolio, as well as their mutual feedback influence. It helps the consumers understand the products and services offered and organize them in their minds and improve their brand image. It is sorting out structure of brand portfolio, it is the idea of connections between brands. Good brand

engineering will illustrate the shortcomings and examine the impact of brand extensions on their brand identity, concentrating on the effects of brand extensions or strategies on brand architecture, as well as further studies on brand image and brand extensions.

II. LITERATURE REVIEW

Mohammed Faizan Zafar and Mohammed Faizan Zafar(2019) in their study have found that positioning of brand is very important , no matter how big the opportunity looks, its not the parent brand which make is successful its all about the perception or the mindset of the customer regarding the brand and whether the extension is worth considering or not. The variables used for this study are Perceived Fit, Customer awareness and innovativeness, and Brand Associations. To find the impact on parent brand image they used variables such as confirmatory factor analysis and Structural Equation modeling.

Keller (1993) defined brand image as “the perceptions about a brand as reflected by the brand associations held in consumer memory”. In order to carry out this particular study, they conducted a questionnaire experiment which examined key variables to be considered when using the brand expansion strategy and further analyzed the information to conclude that brand expansion strategies followed and after the expansion phase influence brand image. There is also the possibility that new products will affect the image if further extensions are made.

"The expansion is ideal if it helps to improve the brand associations for the basic brand and thus strengthen the image." (Eva Martínez José M. Pina, (2003). It shows that brand extensions have an adverse impact on the product brand image, while the connection between the parent company and expansion brands reduces the adverse effect. When the perceived image and the parent brand content are higher, the loss of image due to the enlargement is greater.

III. METHODOLOGY

The acquired technique is descriptive based on figures from the sample size primary data

questionnaire consisting of 197 university students in Ernakulam, Kerala. Students of age 18years and above were taken for the survey. This approach is more economical and also quicker but there is a risk of sampling error and also dependent on the respondents ' willingness and availability. The questionnaire is composed of Likert scales of five points. Secondary data were gathered from different sources, including journals and websites. The goal of this study is to identify the brand extension effect on brand image and to identify the impact of brand architecture on brand image. There are three variables, brand extension and brand architecture are the independent variables and brand image is the dependent variable. It was analyzed & tabulated directly in to SPSS 20 Program after the data had been obtained. SPSS version 20 statistical software was used, and the results obtained were analyzed and interpreted using the study of regression and correlation.

Hypotheses for the Study

H1: Brand extension has a positive impact on brand image

H2: Brand architecture has a positive impact on brand image

IV. RESULTS AND DISCUSSIONS

A. Demographic Analysis

Table-I (a): Demographic indicators

GENDER	PERCENTAGE
Male	51.24%
Female	48.76%

Table-I (b): Demographic indicator (Age)

AGE	PERCENTAGE
18-25	77.61%
26-35	22.39%

INTERPRETATION: The study relies on a sample size of 197 in which the number of Male respondents is 135 and number of Female respondents is 95. The above table-I (a) indicates that 51.24% of the respondents were males and 48.76% of the respondents were females.

From the 197 respondents, the above table-I (b) gives a clear idea of the distribution of the ages of

the respondents. The range of ages of the sample chosen was 18 years and above. Out of which 77.61% of the respondents are below 26 years of age. 22.39% of the respondents are between the age 26-35 years.

Reliability

Reliability is a way of evaluating the quality of the measurement technique used to gather data. In order to the results from a study to be considered valid, the measurement technique must first be reliable. The reliability of this research is shown as below:

Table-II: Measurement technique

VARIABLES	CRONBACH'S ALPHA
Brand Architecture	0.754
Brand Extension	0.803
Brand Image	0.882

INTERPRETATION: Cronbach's alpha coefficient checks the reliability of the variables. Value above 0.7 implies high reliability level. The tool used for measurement was questionnaire method. Table-III explains a reliability analysis using Cronbach's Alpha indication for the 5 research variables. The first attribute is Brand architecture and on Cronbach's Alpha Evaluation the reliability was 0.754. The second component is brand extension, and a value of 0.803 was indicated in the reliability test. Brand image is the third variable, and reliability was 0.882. These variables indicate that the measurement of reliability exceeds 0.6 and that those variables are accurate and reliable for further statistical study. The values of Average Variances Extracted exceed 0.5 indicating that the variables are valid. Descriptive statistics

Table-III: Reliability analysis

	N	Range	Minimum	Maximum	Mean	Std. Deviation
BA	200	4.00	1.00	5.00	3.4125	.97511
BE	200	4.00	1.00	5.00	3.2817	.95930
BI	199	4.00	1.00	5.00	3.3685	.84877
Valid N (listwise)	197					

INTERPRETATION: Mean values in the table above displays the average value of all the variables i.e.; brand architecture, brand extension

and brand image. The values of standard deviation is all positive and is less than 1, which means that there is no much deviation of the values from that of the mean values Linear Regression analysis

Table-IV: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.642 ^a	.413	.407	.65650

INTERPRETATION: R square or coefficient of determination will show percentage variation in y which is explained by all the x variables together. Higher the value better. It is always between 0 and 1. It can never be negative, since it is a squared value.

Coefficient of Correlation is the R value i.e. .642 (or 64.2%). Coefficient of Determination is the R square value i.e. .413 (or 41.3%). Coefficient of Correlation is the degree of relationship between two variables say x and y.

It is observed from the above table that the R² value is 0.413, which shows that the predictability of the model is 41.3%.

Table-V: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	58.741	2	29.371	68.147	.000 ^b
	Residual	83.612	194	.431		
	Total	142.353	196			

a. Dependent Variable: BI

b. Predictors: (Constant), BE, BA

Table-VI: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	1.248	.190			6.585	.000
1 BA	.253	.061	.285		4.167	.000
BE	.384	.061	.431		6.311	.000

Dependent Variable: BI

Regression analysis of brand extension and brand image:

The following table shows the regression analysis done between the two variables. It is observed from the above table that the R² value is 0.413, which shows that the predictability of the model is 41.3%. The significance that is P value is 0.00;

since it is less than 0.05 the predictability percentage is significant. If the independent variable is changed by the factor of 1, the dependent variable will be impacted by a degree of 0.285. As the significance value is 0.00, the regression equation is significant.

$$\text{Brand Image} = 1.248 + 0.384 \times \text{BE}$$

Result - H1 indicates that brand extension has positive impact on brand image.

Regression analysis of Brand architecture and Brand Image:

The following table shows the regression analysis done between the two variables. It is observed from the above table that the R² value is 0.413, which shows that the predictability of the model is 41.3%. The significance that is p value is 0.00; since it is less than 0.05 the predictability percentage is significant. If the independent variable is changed by the factor of 1, the dependent variable will be impacted by a degree of 0.431. As the significance value is 0.00, the regression equation is significant.

$$\text{Purchase Intention} = 1.248 + 0.253 \times \text{BA}$$

Result - H2 indicates that Brand architecture has positive impact on brand image.

FINDINGS

51.24% of the respondents were males and rest 41.3% of the total population were females. 77.61% of the respondents was aged from 18 to 25 and 22.39% of the respondents was aged from 26 to 35. The age group from 18 to 25 has the highest number of respondents.

The first variable is Brand architecture and the reliability was 0.754 on Cronbach's Alpha reliability, second variable is Brand extension and the reliability test indicated a value of 0.803 and the third variable is Brand image and the reliability was 0.882.

The values of standard deviation are all positive and are less than 1, which means that there is no much deviation of the values from the mean values.

The linear regression results shows us that the hypothesis is fit as per the conceptual model. With the regression analysis it can be also

understood that the hypothesis H1 and H2 are accepted. The R square value is 0.413 and this value shows the total variation in dependent variable (brand image) which can be explained by the independent variables (brand architecture and brand extension).

CONCLUSION

Once a brand launches a product and when it becomes successful in the market the brand starts introducing new products to create brand architecture. When brands extend their product line the brand image of these extended products will be based on the initial product they have launched or of the brand architecture image. From this study it can be concluded that Unilever as a brand has a brand image of being diverse as it offers a wide array of products to the customers and from the data collected it can be understood that around 197 respondents have used the products of Unilever and are familiar with its extensions.

When considering the brand Dove the respondents feel that the brand has an influence of its parent brand Unilever. The brand image of Dove soap; which was the first product of Dove is considered to be gentle, caring and moisturizing and so the consumers have the same feeling that the extensions of Dove will have the same image that of the brand. Therefore, the extension strategy adopted by Dove is similar to its first product which will have a positive brand image. In this study we tried to understand how brand extension and brand architecture creates a positive brand image as brand image is an asset for the company that has been created over a long period.

The image associated with a brand architecture or a parent brand is based on the products present in its architecture. If a customer uses a particular sub-brand from a brand's architecture, the customer will associate this sub-brand to the parent brand.

Hence, it can be identified from the study that customers don't have a particular attitude towards the brand's architecture, it is always the sub-

brands that creates a brand image for the brand's architecture of products.

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