

ANALYZING CONSUMER BEHAVIOR TOWARDS BRAND EXTENSIONS

QAZI MOHAMMED AHMED¹, AMARA AFZAL² & SABEEN ALI³

¹Research Scholar, COMSATS Institute of Information Technology, Islamabad

^{2,3}Research Associate, Air University, Islamabad

ABSTRACT

Executive Summary

Markets have long recognized that this strategy provides considerable advantages as compared to the creation of an entirely new brand. Brand extension takes advantage of already established brand strengths and allow for greater flexibility. It is cheaper, quicker and less risky as compared to new a brand. Nevertheless brand extension is a complex decision and involves a clear understanding of underlying factors that influence the consumer behavior towards brand extensions. .

The objectives of this study are to (1) identify factors that affect consumer behavior towards brand extension both in related and unrelated categories, (2) develop an empirical model to relate those independent factors to consumer behavior towards brand extension (dependent factor), and (3) test the hypothesis to portray the type and magnitude of influence of these variables.

An indepth literature review identified different dimensions responsible for affecting the customers' evaluation of brand extensions. Variables that are employed in the model are (1) complementarity, (2) substitutability,

Major implications of this study are that brand extension in unrelated category should be employed related to the perceived difficulty of the planned extension as the influence of this dimension is very strong on consumer behavior towards that extension. Brand extension in related category should be employed related to the brand dominance in that category as the influence of this dimension is very strong on consumer behavior towards brand extension. Brands which have high influence in particular product category should focus more on launching related brand extensions. Brands which go into unrelated categories should focus on perceived difficulty and launch sophisticated technical product categories to be evaluated positively by consumers. Similarity in product line or category should not be focused a lot while launching extensions because consumers do not take that dimension as an important predictor of positive consumer behavior towards brand extensions.

KEYWORDS: Brand Extension, Consumer Behavior, Empirical Model, Brand Dominance & Product Line

Received: Nov 23, 2015; Accepted: Dec 09, 2015; Published: Dec 12, 2015; Paper Id.: IJBMRDEC20155