FACTORS INFLUENCING CONSUMER ATTITUDE TOWARDS BRAND EXTENSION IN BORNO STATE, NIGERIA

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Abstract
This study explored consumers’ attitude toward brand extensions in Borno State. Data were collected using structured questionnaire and Regression statistics was used to analyse the data obtained. The findings show that extensions into categories similar to the original brand tend to be more readily accepted. Likewise, the reputation of the original brand is an important factor influencing the success of the extension. The study concludes that when evaluating brand extensions, consumers’ attitude toward the parent brand is a crucial factor to be considered. Perceived similarity is also a crucial factor in the evaluation of brand extensions. The reputation of the parent brand is a crucial factor influencing the likelihood of a successful brand extension. The study recommends that for firms to maintain a robust brand name, they should first try to differentiate their offerings and augment the desirable associations in their categories. These would strengthen the brands which were the firms’ most important assets, in this process, packages, logos, advertisements and jingles are important elements to be considered.

Key words: Consumer Attitude, Brand Extension, Perceived Similarity, Reputation

1.0 INTRODUCTION
The changing market dynamics and heightened competition of the global economy have amplified the role of brands to an unsurpassed level. Firms seek ways to achieve growth while reducing both the cost of new product introductions as well as the risk of new product failure. Today’s highly informed consumers are looking for new solutions to their needs; as such they want to be continuously surprised by new products. Firms work hard to create new and innovative products to satisfy their consumers and to guarantee their success and survival in the marketplace. Not only creating but also marketing these new products is a challenge for companies. Ferrel and Hartline, (2008) observed that, 80 percent of the new products fail at the introductory stage of the Product Life Cycle.

For a new product to reach the growth stage, additional consumers other than early adopters need to try the product. To realise this desire for trial, the key factors are establishing brand awareness and brand trust. However, creating and maintaining brand awareness and positive

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brand attitudes require a lot of effort. They create many future expectations as paybacks for the companies in return. One of those paybacks is a strong brand name with equity which can be leveraged and then extended to the new products.

A popular way of launching new products has therefore been to leverage the equity of an existing brand into a new sector, market, or product category called Brand Extension (BE). A brand extension strategy can be beneficial because it reduces the new product introduction costs and also increases the chance of success (Kapferer, 2000). According to Taylor (2004) BE’s is a strong brand’s profitable offspring. Moreover, when a BE strategy is used, the consumer’s immediate brand awareness increases and risk perceptions decrease. These in turn provide fast growth and penetration for the brand in the market (Aaker & Keller, 1990; Kapferer, 2008).

Despite all the advantages explained above, the BE strategy may have many disadvantages such as weakening the Parent Brand’s (PB) favourable associations, hurting the PB’s image and diluting its meaning if it is not used properly (Gibson, 1990; Gronhaug, Hem & Line 2002; Holak, & Bhat, 1994). Therefore using the BE strategy by concentrating only on its benefits without considering the costs may damage the well-established PB name. In other words, BE strategy may not necessarily always be the best strategy for introducing a new product. It is important to understand under which conditions it is beneficial and which factors affect the BE’s success. Therefore, in this study since consumers’ attitudes and behavior determine the BE success, the consumer’s point of view has been taken into consideration. Since awareness of a certain brand already exists, costs of launching a new product will, ceteris paribus, be lower than in the absence of a strong brand. The main objective of brand extension is hence to leverage the intangible qualities of a brand since the functional benefits can generally be imitated (Urde, 1999).

The objective of this paper is to explore the factors influencing consumer attitude toward brand extension in Borno state. To accomplish this, the study specific objectives are to examine the similarity between the parent and extended brand influence on consumer attitude; and, examine the reputation of the parent brand influence on consumer attitude toward the extended brand. The study hypothesised that:

Ho: Similarity between parent and extended brand has no effect on consumer attitude

Ho: The reputation of the parent brand has no any effect on consumer attitude toward brand extension

2.0 LITERATURE REVIEW
2.1 Perceived Similarity and Consumers’ Attitude toward Brand Extension
According to Smith and Park (1992), product similarity is the degree to which consumers perceive the extension as similar to other products affiliated with the brand. It is evident that the most frequently considered antecedent of brand extensions is the level of perceived similarity between the original and extended brand.
Brand similarity refers to the degree of resemblance of consumer perception between extended and parent brand (Smith & Park, 1992). If the level of similarity is higher between the parent and extended brand category then the brand extension would have great chances of inheriting the positive and negative characteristics of the core brand (Aaker & Keller, 1990; Boush & Loken, 1991). This assumption is primarily based on the premise that consumers’ attitude will be more positive towards those extensions where they find higher level of similarity between the extension and the parent brand (Boush, David & Loken, Barbara 1991).

A brand extension in a new product category is viewed as a new occurrence that can be more or less similar to the brand and its existing product line. Perceived similarity also called perceived fit is characterised by the “number of shared associations between the extension and the brand product category (Czellar, 2002). Researchers have identified two dimensions of the fit construct (Park et. al., 1991; Bhat & Reddy, 2001). The first is product category fit, which refers to the perceived similarity between the extension and the existing brand categories of the core brand, while the second one is known as brand-level fit, which refers to the match between the explicit image of the brand and the product category extension (Czellar, 2002). For a clear look, consider these two aspects of fit, think about the cigarette Marlboro launching a ball-pen (Czellar, 2002). The perceived fit between Marlboro and the ball-pen category will be comprised of a category-level fit (the shared product attributes between cigarettes and ball-pens) and a brand-level fit e.g, the match between Marlboros’ brand image and the image consumers’ hold about the ball-pen category” (Bhat & Reddy, 2001).

Previous researches suggest that consumers’ evaluation and acceptance of brand extensions is acutely sensitive to the level of perceived fit between the parent brand and the brand extension (Aaker & Keller, 1990; Loken & John, 1993; Gu‘rhan-Canli & Maheswaran, 1998). Fit is usually conceptualised as being a function of salient shared associations between the parent brand and the extension product. Although scholars are unanimous in their assessment of the importance of perceived fit, the concept is defined and measured in a wide array of ways. According to the literature, perceived fit encompasses several dimensions such as similarity, typicality and relatedness (Aaker & Keller, 1990; Boush & Loken, 1991; Gu‘rhan-Canli & Maheswaran, 1998). These concepts are, however, strongly intertwined and the conceptual differences between them often appear blurred (Muroma & Saari, 1996). Moreover, Park, Whan, Milberg, Sandra, Lawson, and Robert. (1991) argue that the presence or absence of identifiable relationships between the parent brand and potential extensions may not be the only basis on which consumers judge perceived fit. Murphy and Medin (1985) opine that consumers may sometimes have their own theories – other than object-to-object similarity relationships – about why entities belong in the same mental category. Consequently, brand concept similarity needs to be considered along with object/product similarity. Park et al., (1991, 1993) and Milberg et al., (1997) investigated the role of brand-concept fit in brand extensions; and find out congruency when introducing the brand in new categories. The findings concerning the importance of object (product) similarity in brand extensions are also relatively coherent, supporting the notion of high predictive strength of product similarity, typicality and relatedness on brand extension success.
Keller and Sood (2001) found out that the greater the similarity between the original and extended category, the greater the transfer of positive (or negative) affect to the extended brand. The finding was based on the assumption that consumers would develop more favourable attitudes towards extensions if they perceive high congruence between the extension and the original brand (Boush et al., 1991). Most commonly, when the fit between the PB and the extension is high, PB associations are usually transferred to the extension. Also, (Aaker & Keller, 1990; Bhat & Reddy, 2001; Boush & Loken 1991) find that, if the fit between the PB and the extension is high, the extension can be evaluated positively. But, Loken and John (1993) suggest that unsuccessful brand extensions can dilute brand names by diminishing the favourable attitudes that consumers have learned to associate with the family brand name.

Meanwhile, in a study by Aaker and Keller (1990), similarity fit was conceptualised as including ‘Complement’, ‘Substitute’ and ‘Transfer’ dimensions. ‘Complement’ indicates the products that are consumed jointly to satisfy a particular need. ‘Substitute’ indicates that one product can be replaced by another one in usage and satisfy the same need. The last dimension, ‘Transfer,’ concerns the perception of consumers about the firm’s ability to make a product in the extension category.

2.2 Reputation and Consumer Attitude toward Brand Extension
The basic supposition in brand extension strategy is that the leverage providing capabilities of parent’s brands to extensions differ from brand to brand. It is much higher for stronger brand and lower for weaker brand (Aaker & Keller, 1992; Smith & Park, 1992). Brand reputation refers to “consumer’s perceptions on the quality associated with a core brand” (Barone, Miniard, & Romeo 2000). When a consumer is first confronted to a brand extension, it is new and unfamiliar to him. Though, consumers may already be familiar with the core brand, they are expected to laid their evaluation regarding the extension upon their knowledge of the core brand.

Consumers may have many unrelated associations with a brand, one dimension of associations is brand attitude or affect, i.e. consumers’ overall favourable or unfavourable evaluation of the core brand, while second dimension is related to associations consisting of beliefs about the brand’s product and non-product attributes (Keller, 1993). It is therefore assumed that consumers transfer their associations with a core brand to an extension (Aaker & Keller, 1990). The consumers are likely to evaluate those brands more positively that have higher perceived quality as compared to low perceived quality brands (Bottomley & Doyle, 1996). Categorisation theory suggests that when an individual faces a new occurrence of a category, the effect associated with that category is transferred to the newly categorised member (Fiske & Pavelchak, 1986). This is known as category-based mode of affective response since the foundation of affect formation is simply membership in a category and not the attributes of the new object (Fiske & Pavelchak, 1986).

Consumers when evaluating highly perceived reputation brand would feel that it is comparatively less risky; therefore, their evaluations would be more positive toward these brands as compared to brands having lower brand reputation (Wernerfelt, 1988). Positive
emotional appeals also provide a strong brand cue and stimulate category-based processing. In addition, the absence of extension formation will not only cause individuals to rely on available diagnostic cues like brand name, perceived parent brand quality, but perceived fit also to make inferences on the extension (Klink & Smith, 2001). This belief is consistent with the findings of earlier studies on extension evaluation (Aaker & Keller, 1990). As more information is available on new brand extension, new characteristics of the extension become salient which position the extension further from the parent brand (Jahangir, Kim, Choi, Verpoote 2009).

According to Aaker and Keller (1992) and Smith and Park (1992), a basic premise underlying the use of brand extensions is that stronger brands provide greater leverage for extensions than weaker brands. As can be seen in the widely noted definition of brand equity, brand strength has been articulated implicitly in terms of consumers’ predispositions towards the brand (Keller, 1993). It has been reported by Keller and Aaker (1992), Sunde and Brodie (1993), Dacin and Smith (1994) and Bottomley and Doyle (1996) that high perceived quality brands can be extended further and receive higher evaluations than low perceived quality brands. Therefore, reputation of a brand in these studies is considered as the outcome of product quality.

3.0 METHODOLOGY
The research design employed for this study is the survey method. The data used for the study were obtained from basically two sources, primary and secondary. However, the major data were collected by means of structured questionnaire. Three hundred and eighty five (385) copies of questionnaire were administered to consumers of Dangote products in Maiduguri and Jere. The respondents were selected conveniently from the study area. Simple Linear Regression model was employed to analyse the effect of Similarity and Reputation as it affects Consumer Attitude toward Brand extension. Explicit form of the Linear Regression Model is expressed as follows.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon \]

Where:
- \( Y \) = Consumers attitude toward brand extension
- \( \beta_0 \) = constant or intercept
- \( \beta \) = the regression coefficient, i.e. the effect of independent variable \( X \) on the dependent variable \( Y \).
- \( \epsilon \) = error term or residual for the case.
- \( X_1 \) = Similarity
- \( X_2 \) = Reputation
4.0 RESULT AND DISCUSSIONS

Table 4.1 Regression Analysis on the effect of similarity and reputation on consumers’ attitude toward brand extension

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>Coefficients</th>
<th>Standardised Coefficients</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-1.423</td>
<td>.175</td>
<td></td>
<td></td>
<td>-8.146</td>
<td>.000</td>
</tr>
<tr>
<td>Similarity</td>
<td>.910</td>
<td>.071</td>
<td>.626</td>
<td></td>
<td>12.787</td>
<td>.000</td>
</tr>
<tr>
<td>Reputation</td>
<td>.739</td>
<td>.060</td>
<td>.607</td>
<td></td>
<td>12.291</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: computed from field survey 2012
*Sig=000  R Square=0.989

Table 4.2 shows the regression analysis on the similarity and reputation on consumer attitude toward brand extension. The results show that the coefficient of multiple determinations $R^2$ is 98.9%. Meaning about 98.9% of the variation in consumer attitude is explained by the independent variables. Hence the model is adequate enough for prediction. The relationship between $Y$ (consumer attitude toward brand extension) and $X_1$ (Similarity) is the most important factor in consumers attitude toward brand extension with the $\beta$ coefficient of 0.626 and highly significant at 1%. The second most important factor in consumer evaluation of brand extension is $X_2$ (Reputation) with the $\beta$ coefficient of 0.607 and highly significant at 1%.

The present investigation has demonstrated that consumers of Dangote product in the study area have favourable attitude toward brand extension. This finding is consistent with Kotler and Armstrong (2006) who described attitude as a person’s consistently favourable or unfavourable evaluations, feelings, and tendencies toward an object or idea. Chaudri (2006) also found that the attitude formed about products and brands are the overall dispositions toward the product or brands which, in turn, influence the consumers’ decisions to buy.

Analysis also favoured the hypothesis which states that similarity between the parent brand and the extended brand has effect on the extended brand, which is also consistent with (Aaker & Keller, 1990; Bhat & Reddy, 2001; Boush & Loken 1991). The authors found that if the similarity between the PB and the extension is high, the extension can be evaluated positively.

Regarding the hypothesis that reputation of the parent brand has effect on consumer attitude toward the brand extension. This finding is in agreement with the work of Barone et al. (2000) where they said that brand reputation refers to consumers perceptions on the quality associated with a parent brand. When a consumer is first confronted to a brand extension, it is new and unfamiliar to him. Though, consumers may already be familiar with the parent brand, they are expected to lay their evaluation regarding the extension upon their knowledge of the parent brand.
5.0 CONCLUSION AND RECOMMENDATIONS
This study concludes that in brand extensions in several ways. First, it was apparent that when evaluating brand extensions, consumers’ attitude toward the parent brand is a crucial factor to be considered. It also concludes that perceived similarity is a crucial factor in the evaluation of brand extensions. Second, the reputation of the parent brand is a crucial factor influencing the likelihood of a successful brand extension. Building a favourable reputation for a parent brand is an important contributor to the success of brand extensions.

Therefore it is recommends that Firms should first try to differentiate their offerings and augment the desirable associations in their categories; these would strengthen the brands which were the firms’ most important assets. In this process, packages, logos, advertisements and jingles were important elements to be considered. It was also recommended that, when firms want to diversify, they should concentrate on using the brand’s already established and favourable associations in their communication efforts. In this way, the BE would be more likely to be accepted by the consumers, and the overall value of the BE would be enhanced.

REFERENCES


Factors Influencing Consumer Attitude towards Brand Extension in Borno State, Nigeria


Publications. First published


