

# Consumer Evaluation of Distance and Close Extension

**Tariq Jalees**

Associate Professor, Director CoMS  
PAF-Karachi Institute of Economic & Technology

**Dr. Tahir Ali**

Associate Professor  
Karachi University

## 1. INTRODUCTION

The authors have written a series of articles in which they have deliberated on variables that are used by the consumers for evaluation of brand extension. In one of the articles that was published in an International Journal, the authors measured the dependent variables “how consumer evaluate brand extension” through the following variables 1) Similarity (2) Reputation (3) Innovativeness (4) Perceived risk (5) Multiple extensions (6) Parent brand characteristics (7) Concept and consistency (8) Brand extension fit. (Jalees & Ali 2008a). Subsequently, an article of the same author was published in another renowned Journal in which the “consumer evaluation” was based on five factors only (Jalees & Ali 2008b). Some of the common factors in both the articles were the four stimuli used for testing the derived hypothesis that is (1) Tapal tea and tea bag (1) Lifebuoy Soap and Lifebuoy Shampoo (2) Sufi Soap and Suffi Vegetable oil, (4) Woodward Gripe Water and Woodward Toothpaste. In all the previous studies, simple regressions were carried out on one-to-one basis for all the relationships between dependent and independent variables.

After reviewing the articles, some of the peer reviewers have suggested that it may make an interesting research if:

(a) The combined effect of independent variables

which is 1) Similarity between parent brands and extended brand (2) Stronger reputation, and (3) Stronger association, is measured on dependent variable “Consumer evaluation of brand extension”, separately for distance and close brand extensions.

(b) Consumer evaluation of brand extension is measured for “Brand concept consistency”, separately for close-extensions, and distance-extensions.

Thus, the objective of this study is what the peer reviewers have suggested in (a) and (b) above.

In view of the fact that all the readers may not have read the previous papers, brief conceptual definitions of brand extension, close-extension and distance-extension are discussed in the introduction section, before the discussions on the methodology and results.

Some of the commonly used definitions of brand extensions are as follows: Using an established name of one product class for entering another product class (Aaker 1991). A strategy commonly used by firms for using established and successful brand name for launching a new or modified product. (Kotler & Armstrong 1990). Using an established brand name for launching a new product

into product category which is new to the company is known as franchise strategy (Harman & Price & Duncan 1990).

Close extensions are those where the distance between the core product and extended product is nominal.

Distance extensions are the extension to unrelated product category. In this case overall quality association of core brand is necessary for success (Pita & Katsanis 1995). Distancing is a deliberate effort to increase the perception distance of the core brand and extension product (Kamal 2003). While using an umbrella branding the same brand name is used for several products. Firms following this strategy must ensure that the quality perception of the core products get transferred to all the extensions (Erdem 1998)

## 2. METHODOLOGY

Two categories of brand extension have been used in this study. One is close extension and the other is distance extension. The brand extensions falling in close extension category are (a) Tapal Tea and Tapal Tea Bag. (b) Lifebuoy Soap and Lifebuoy Shampoo. The brand extensions that fall in distance category are (a) Sufi Soap and Sufi Vegetable Oil, and (b) Woodward Gripe Water and Woodward Toothpaste.

The sample size of the study was 700. Karachi is divided into 18 towns with different levels of populations. Stratified proportionate non-random sampling technique was used for drawing 700 samples. The variables used in the study for developing the questionnaire are discussed in the next section.

## 3. RESULTS AND DISCUSSIONS

This section has been divided into two subsections. The first incorporates the discussions on effects of reputation, similarity, and association on consumer evaluation of brand extension. The

second subsection covers the discussions on consumer evaluation of brand extension on brand concept consistency.

### 3.1.0 Discussions Results of Reputation, Similarity & Association

In this sub-section, the derived hypothesis was based on four variables. Dependent variable was “consumer evaluation” of brand extension, and independent variables were (1) Similarity between parent brand and extended brand (2) Stronger reputation, and (3) Stronger association. These variables were measured through four stimuli (1) Tapal Tea and Tapal Tea Bag (2) Lifebuoy soap and Lifebuoy Shampoo (3) Sufi Vegetable Oil and Sufi Soap (4) Woodward Gripe Water and Woodward Toothpaste. The first two stimuli come in the category of close extension, and the other two in distance extension. In this and subsequent sub-sections, the close-extensions and distance-extensions have been tested separately.

The empirical model developed earlier shows that the dependent variables reputation, similarity, and brand association have strong relationship with the consumer evaluation of the brand. These variables have been briefly discussed below:

#### 3.1.1 Similarity

Similarity refers to the degree of resemblance of consumer perception on the extensions and the core brand (Smith & Park 1992). Most of the researches have deliberated on the level of perceived similarity between the original and extended brand and found that if the level of similarity is higher between the core and extended brand category then the extended brands would have more chances of inheriting the positives and negative aspects of the core brand (Aaker & Keller 1990; Park, et al. 1991; Boush & Loken 1991; Dacin & Smith 1994; Herr, et al. 1996; Keller and Sood 2001). This conjecture is based on the premise that consumers attitude will be more favorable towards those extension where they find higher level of congruence between the extension and the original brand (Boush, et al. 1987)

### 3.1.2 Parent Brand Characteristic & Evaluation

The terms such as product attributes, product benefits and costumer characteristics are generally used for conceptualization of “brand association” (Keller 1993). Brand names such as “Sony” have broad association and are used for diversified range of products. There are some brand names like “close-up” that has narrow association and could be used for one or few products (Bousch & Loken, 1999).

Product portfolio characteristics of parent brands generally have moderating effect on product category fit and the evaluation of parent brand (Dacin & Smith, 1994). Dacin and Smith (1994) studied the impact of (1) Number of products associated with brand, (2) The quality of variance across these products, and (3) The relatedness of products to each other and the parent brands.

Dacin and Smith’s (1994), major findings were: one, the consumer’s evaluation would be positive for those brands that are associated with several products, provided there is no significant parity between the qualities of product. In fact addition of product would enhance positive evaluation, provided the quality level of additional product is the same; two, it may not be advisable to extend the brands indiscriminately into unrelated product, even if the quality of the core brand is high. The extension must first be carried out into moderately related categories and then to unrelated category. This stepwise extension would help the consumer in maintaining the perception of relatedness (Kapoor 2005).

A brand could have association with several products. However, the level of association of the brand name with all the products may vary. Products that have strong association with the core brand could be easily evaluated by the consumers. Contrarily, products that have weaker association with the core brand are dependent on a certain degree of “cues” for evaluation purpose (Kapoor 2005)

### 3.1.3 Reputation

The basic assumption in brand extension strategy is that the leverage providing capabilities of parent brands to extensions varies from brands to brands. It is higher for stronger brands and lower for weaker brands (Aaker & Keller 1992; Smith & Park 1992). Brands reputation refers to consumer’s perception of the quality associated with a brand (Aaker & Keller 1990; Barone, et al. 2000). Consumers tend to evaluate those brands more favorably that have higher perceived quality as compared to low perceived quality brands (Aaker & Keller 1990; Keller & Aaker 1992; Sunde & Brodie 1993; Dacin & Smith 1994; Bottomley and Doyle 1996). Reputation in the above studies have been conceptualized as a combination of (a) product quality, (b) firm’s marketing activities and, (c) acceptance in the market place (Fombrun & Van Riel 1997). Consumer while evaluating brands that have higher perceived reputation would feel that purchasing the same would be comparatively less risky, thus their evaluations would be more positive towards these brands as compared to brands carrying lower brand reputation (Wernerfelt 1988; Zeitham Parasuraman & Berry & 1985).

### 3.1.4 Stimuli

The stimuli used for this study have been categorized into two segments. One is close-extension and the other is distance-extension. Brand extensions such as Tapal Tea and Tapal Tea Bags, comes in the category of close-extension. The brand extensions such as (i) Sufi Soap and Sufi Vegetable oil, and (ii) Woodward Gripe Water and Woodward Toothpaste come in the category of distance extension. The hypothesis for close and distance extensions have been tested separately.

### 3.1.5 Hypothesis One:

Variables such as brand reputations, similarity, and associations have been used by various authors for measuring the relationships of these variables with the consumer “overall evaluation” of brand extensions. The hypothesis developed in this context is presented below:

H1O: Brands that have (a) stronger reputation (b)

similarity between parent brands and extended brand, and (c) strong associations would be positively evaluated by consumer.

H1A. At least one of the variables has linear relationship with the dependent variable “consumer evaluation” The statistical representation of the above hypothesis is presented below:

H1O:  $1=2=3=0$

H1A:  $1 \neq 2 \neq 3 \neq 0$

The above hypothesis was tested by two different methods. In method one, the relationships of the close extension were tested and in method two the relationships of distance-extension were tested.

## a) Close Extension

The brands Tapal and Teabags, and Lifebuoy Soap and Shampoo have low distance. The combined relationships of these stimuli in terms of similarity, reputation, and association with overall evaluation were tested through multiple regressions.

The multiple estimating regression equation for close extensions used as stimuli is presented below:

$$Y = a + b_1 \text{SimilarityTapal} + b_2 \text{SimilarityLifebuoy} + b_3 \text{ReputationTapal} + b_4 \text{ReputationLifebuoy} + b_5 \text{AssociationTapal} + b_6 \text{AssociationLifebuoy}$$

The summarized multiple regression results are presented below:

**Table Number-2**

**Multiple regression of Close extension**

Regression Statistics	
Multiple R	0.96
R Square	0.92
Adjusted R Square	0.92
Standard Error	0.11
Observations	700.00

**ANOVA**

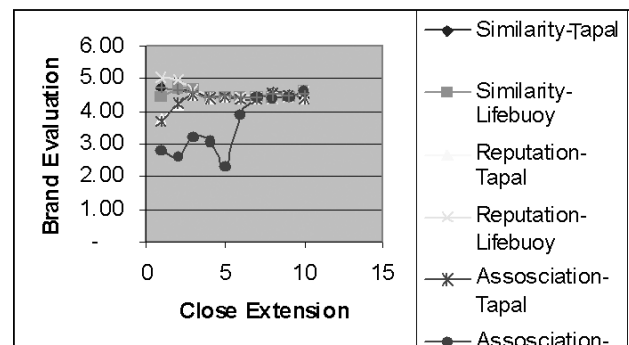
Df	SS	MS	F	Significance F
Regression	6.00	95.69	15.95	1,292.32
Residual	693.00	8.55	0.01	
Total	699.00	104.25		

**Coefficients**

	Coefficients	Standard Error	t Stat	P-value	Lower 95%
Intercept	0.01	0.05	0.19	0.85	(0.09)
Similarity – Lifebuoy	0.4	0.01	31.31	0.00	0.40
Similarity – Tapal Tea	0.18	0.02	9.86	0.00	0.15
Reputation – Tapal Tea	0.10	0.02	5.72	0.00	0.06
Reputation – Lifebuoy	0.31	0.02	16.14	0.00	0.28
Association – Tapal Tea	(0.03)	0.02	(1.74)	0.08	(0.06)
Association – Lifebuoy	0.01	0.00	1.92	0.06	(0.00)

**Graph-1**

**Scattered Chart**



The hypothesis that at least one of the independent variables will have the relationship with the dependent variable “consumer evaluation” of the brand extension was accepted. The ANOVA table

shows that the  $F < 0$ , meaning it is significant. Moreover, all the P values are less than .05 except “association”. This indicates that all the coefficients are relevant to the model except “Association-Tapal” and “Association-Lifebuoy”. The  $R^2$  is 0.92, which indicates that the combined effect of the independent variables that is similarity, reputation and parent brand characteristics (association) will cause the dependent variable, consumer evaluation of brand extension to move by 92%, which is an indication of a very strong relationship.

The coefficient of determination for Similarity Lifebuoy, and Reputation Lifebuoy are 0.42 and 0.31, respectively indicating that in overall consumer evaluation these two predictor variables/stimuli have comparatively stronger influence on the dependent variable as compared to other variables/stimuli.

The above table and graph indicates that in case of “Lifebuoy Soap and Lifebuoy Shampoo” the similarity and reputation were found to be stronger predictors for “consumer evaluation” of brand extensions as compared to “reputation” and “parent brand characteristics (Association)”. The variable “similarity” was found to be comparatively stronger predictor in case of “Tapal Tea and Tapal Tea bag”, as compared to others variables.

## b) Distance Extensions

The brands “Sufi Soap and Sufi Vegetable oil”, and Woodward Grip Water and Woodward Toothpaste” have more distance. The combined relationships of these stimuli in terms of similarity, reputation and association with overall evaluation were tested through multiple-regression. The multiple estimating regression equation for distance extensions used as stimuli is presented below:

$$Y = a + b_1 \text{SimilaritySufi} + b_2 \text{SimilarityWoodward} + b_3 \text{ReputationSufi} + b_4 \text{Reputation Woodward} + b_5 \text{Association Sufi} + b_6 \text{Association Woodward}.$$

The summarized multiple regression results of distance

extensions are presented below:

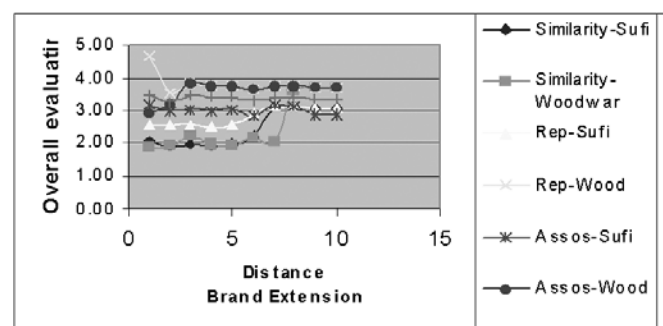
**Table Number-3**

Multiple regressions of distance extensions	
Regression Statistics	
Multiple R	0.76
R Square	0.58
Adjusted R Square	0.58
Standard Error	0.47
Observations	700.00

ANOVA					
	Df	SS	MS	F	Significance F
Regression	6.00	216.43	36.07	162.51	0.00
Residual	693.00	153.82	0.22		
<b>Total</b>	<b>699.00</b>	<b>370.25</b>			

Coefficients						
	Coefficients	Standard Error	T Stat	P-value	Lower 95%	Upper 95%
Intercept	0.25	0.11	2.24	0.03	0.03	0.47
Similarity-Sufi	0.09	0.02	4.47	0.00	0.05	0.13
Similarity Woodward	(0.04)	0.02	(2.05)	0.04	(0.08)	(0.00)
Reputation – Sufi	0.26	0.02	11.09	0.00	0.21	0.30
Reputation – Woodward	0.37	0.03	11.72	0.00	0.30	0.43
Association – Sufi	0.06	0.01	4.26	0.00	0.03	0.09
Association – Wood	0.20	0.03	6.17	0.00	0.14	0.26

**Graph-2 Scattered chart**





The hypothesis that at least one of the independent variables will have the relationship with the dependent variable “consumer evaluation” of the brand was also accepted for the distance extension. The ANOVA table shows that the  $F < 0$ , meaning it is significant. Moreover, all the P values are less than .05 further confirming the relationship of the model. The  $R^2$  is 0.58, which indicates that the combined effect of the independent variables will cause the dependent variable “consumer evaluation” of brand extension to move by 58%, which is an indication of a strong relationship.

The coefficient of determinations for “ReputationSufi”, and “ReputationWoodward” are 0.26 and 0.37 respectively, indicating that in the relationship of “consumer evaluation” of brand extension these two predictor variables/stimuli have comparatively stronger influence on the dependent variable as compared to other variables.

From the above, it could be inferred that in case the parent brand is extended to similar category, then the similarity of the brand extension would be vital for the respondents’ evaluation of the brand extensions. In case the extension is of distance nature (not in similar category) than the reputation of the parent brand would be used by the respondents for evaluation of brand extension. It may also be observed from the above that the predictor variable “reputation” is comparatively stronger in case of close as well as distance extensions.

The firms whose brands have strong reputation could afford the luxury of venturing into distance brand extension. The firms with weaker brand reputation should focus on enhancing the brand reputation, and if they have to extend their brand it should be in the same category i.e. Close extension.

### 3.2.0 Discussions & Results of Concept Consistency

In this subsection the derived hypothesis was based on dependent variable “consumer evaluation” of brand extension, and independent variable was “brand concept consistency”. Like preceding sub-sections, first the

variable “concept consistency” has been discussed, followed by testing of the derived hypothesis for close extension, and distance extension.

#### 3.2.1 Brand Concept Consistency & Extension

The market is dynamic, therefore is always changing. To remain aligned with the market, the firms are required to modify their offerings, enter different market segments, and reposition their offerings. In view of such complexities, the measure of fit while introducing brand extension may be relevant in one situation and not in another situation (Kapoor 2005). Park et.al. (1991) were of the opinion that the measure of fitness between core brand and extended brand based on one factor “similarity” has certain limitation. They were of the opinion that consumer evaluation would only be positive for those brand extensions that have consistency in the brand concept. Brand concept is “Brand unique abstract meaning (e.g. high status) that typically originates from a particular configuration of product features. (e.g. high price, expensive looking design, etc.) and a firm’s efforts to create meanings for these arrangements (e.g. the relentless pursuit of perfection by Lexus)” (Park et. al. 1991, p.186)

Factor “similarity” is important but it fails to explain all the aspects related to fitness. Two objects could have several common physical attributes, but it does not mean that both the objects would have similar brand concepts. For example Seiko and Rolex watches share several common product level features. But as far as brand concepts of the two watches are concerned, Seiko has reputation of functional brand and Rolex prestige brand (Park et al 1991). Thus the perceived fit is combination of (1) product feature similarity and (2) brand concept consistency. (Kamal 2003)

#### 3.2.2 Hypothesis Two

Variables such as parent brand concept consistency have been used by various researchers for ascertaining how consumer evaluates brand extensions. The brand concept consistency is related to (1) Design (2) Price. The hypothesis developed

in this context is presented below:

H2O. The “consumer’s brand evaluation” would be positive for those brands that have more “concept consistency”

H2A. The “consumer’s brand evaluation” would not be positive for those brands that have “concept consistency”

The statistical representation of the above hypothesis is presented below:

H2O:  $1=0$

H2A:  $1 \neq 0$

The above hypothesis was tested for close extension and distance extension, separately.

## a) Close Extension

The brands “Tapal Tea and Tapal Teabags” and “Lifebuoy Soap and Lifebuoy Shampoo” have lesser distance. The combined relationships of these stimuli in terms of (1) Design, and (2) Price with overall evaluation were tested through multiple regressions.

The multiple estimating regression equation for close extensions used as stimuli is presented below:

$$Y = a + b_1 \text{PriceTapal} + b_2 \text{Price Lifebuoy} + b_3 \text{DesignTapal} + b_4 \text{DesignLifebuoy}$$

The summarized multiple regression results are presented below:

**Table Number-6**

### Multiple regression of Close distance extension

Regression Statistics	
Multiple R	0.82
R Squar	0.67
Adjusted R Square	0.67
Standard Error	0.22
Observations	700.00

### ANOVA

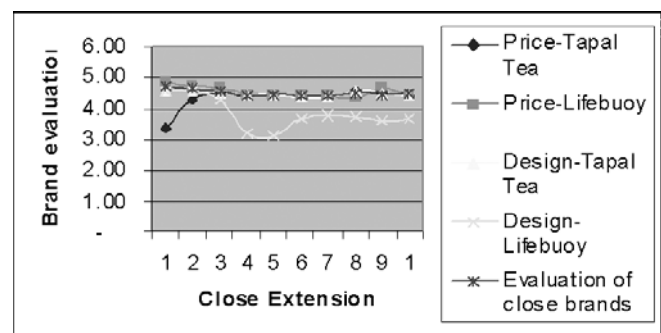
	Df	SS	MS	F	Significance F
Regression	4.00	70.19	17.55	358.04	0.00
Residual	695.00	34.06	0.05		
Total	699.00	104.25			

### Coefficients

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	1.25	0.10	12.60	0.00	1.05	1.44
Price-Tapal Tea	(0.04)	0.01	(2.54)	0.01	(0.07)	(0.01)
Price-Lifebuoy	0.20	0.02	12.46	0.00	0.17	0.23
Design-Tapal Tea	0.55	0.02	26.38	0.00	0.51	0.59
Design-Lifebuoy	0.01	0.01	1.37	0.17	(0.01)	0.03

**Graph-5**

### Scattered chart



The hypothesis that at least one of the independent variable will have the relationship with the dependent variable “consumer evaluation” of the brand was accepted. The ANOVA Table shows that  $F < 0$ , meaning it is significant. Moreover, all the P values except design of lifebuoy are less than .05. This indicates that except the design of lifebuoy others validate the model. The  $R^2$  is 0.67, which indicates that the combined effect of the independent variables will cause dependent variable to move by 67%, which is an indication of strong relationship.

The coefficients for design and price of Tapal tea is 0.55, and -0.04 respectively, indicating that the consumers while evaluating Tapal tea were more influenced with the design as compared to the price of Tapal. In case of Lifebuoy, the coefficients for design and price were 0.01, and 0.20 indicating that while evaluating Lifebuoy, the consumer appears to be more influenced with the price, as compared to the design of the Lifebuoy soap.

## a) Distance Extension

The brand concept consistency for distance extensions “Sufi Soap and Vegetable Oil”, and “Woodward Gripe Water and Tooth Paste” brands were measured in terms of (1) Design, and (2) Price, which were then related with consumer overall evaluation of brand extension. The multiple estimating regression equation for distance extension used as stimuli is presented below:

$$Y = a + b_1 \text{Price Sufi} + b_2 \text{Price Woodward} + b_3 \text{Design Sufi} + b_4 \text{Design Woodward}$$

The summarized multiple regression results are presented below:

**Table number-6**

### Multiple regression of Close distance extension

Regression Statistics	
Multiple R	0.56
R Square	0.32
Adjusted R Square	0.31
Standard Error	0.60
Observations	700.00

### ANOVA

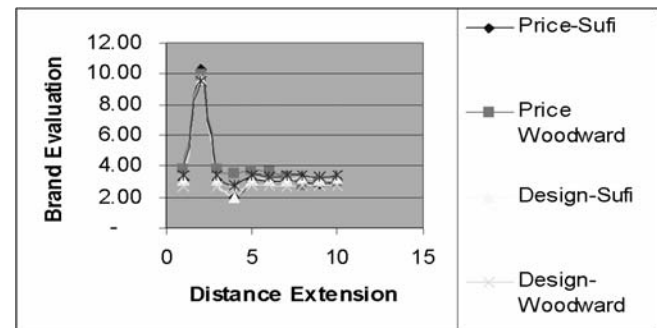
	Df	SS	MS	F	Significance F
Regression	4.00	117.68	29.42	80.96	0.00
Residual	695.00	252.57	0.36		
<b>Total</b>	<b>699.00</b>	<b>370.25</b>			

### Coefficients

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	1.88	0.10	19.69	0.00	1.70	2.07
Price-Sufi	0.14	0.03	5.05	0.00	0.08	0.19
Price-Woodward	0.13	0.02	5.79	0.00	0.09	0.18
Design-Sufi	0.19	0.03	6.76	0.00	0.14	0.25
Design-Woodward	0.01	0.02	0.71	0.48	(0.02)	0.05

**Graph-6**

### Scattered chart



The hypothesis that at least one of the independent variables will have the relationship with the dependent variable “consumer evaluation” of the brand was accepted. The ANOVA Table shows that the  $F < 0$ , meaning it is significant. Moreover, all the P values except the design of Woodward gripe water are less than .05. This indicates that the design of Woodward has no relationship with the dependent variable “consumer evaluation of brand extension” The  $R^2$  is 0.32, which indicates that the combined effect of the independent variables will cause the dependent variable to move by 32%, which is a reflection of weak relationship.

The coefficient of determinations for Sufi’ design and price are 0.19 and 0.14 respectively, indicating that in case of Sufi the design is comparatively, stronger predictor than price. Comparatively, price of Woodward was stronger predictor and design has no relationship with consumer evaluation of distance brand.



In case of close-extension such as tea and tea bag, the firm must concentrate on the design, which the Tapal was found to be doing. However, in case of distance extension, no relationship was found with the design of Woodward gripe water. The Woodward needs to improve the design of the gripe water packaging in order to remain competitive.

## 4. CONCLUSION AND RECOMMENDATION

### 4.1.0 Conclusion

The objective of the study was to measure how consumers evaluate distance and close extensions with reference to different variables. The conceptual definitions of different authors were used for identifying the determinants that effects consumer evaluation of brand extension. Based on these variables, a questionnaire was developed that was administered to a sample of 700 respondents. Stratified proportionate non-random sampling was used for drawing samples from the 18 UDC of Karachi.

Based on the focus group discussions, the following four brand extensions were finalized: (a) Lifebuoy Soap and Shampoo (b) Tapal Tea and Teabags (c) Sufi Soap and Vegetable Oil, and (d) Woodward Gripe Water and Tooth Paste.

The major findings are disused below:

- a) The hypothesis that there is no relationship between dependent consumer evaluation of brand extension, and independent variables (1) stronger reputation (b) similarity (c) strong association was accepted.
- In case of close extensions, the  $R^2$  was 0.92 indicating a very strong relationship. All the P values are less than .05 except "association". This indicates that all the coefficients are relevant to the model except "Association-Tapal" and "Association-Lifebuoy". The coefficient of determination for Similarity Lifebuoy, and Reputation Lifebuoy are 0.42 and 0.31, respectively indicating that in overall consumer

evaluation relationship these two predictor variables/stimuli have comparatively stronger influence on the dependent variable as compared to other variables/stimuli.

- In case of distance extension the  $R^2$  is 0.58, which indicates that the combined effect of the independent variables will cause the dependent variable consumer evaluation of brand extension to move by 58%, which is an indication of a strong relationship. The coefficient of determination for ReputationSufi, and Reputation Woodward are 0.26 and 0.37 respectively indicating that in the relationship of consumer evaluation of brand extension these two predictor variables/stimuli have comparatively stronger influence on the dependent variable as compared to other variables. From the above it could be inferred that in case the parents brand is extended to similar category, then the similarity of the brand extension would be vital for the respondents' evaluation of the brand extensions. In case the extension is of distance nature (not in similar category) than the reputation of the parent brand would be used by the respondents for evaluation of brand extension. It may also be observed from the above that the predicator variable "reputation" is comparatively stronger in case of close and distance extensions.
- b) The hypothesis that brand evaluation would be positive for those brands that have more concept consistency was accepted
- In case of close extension the  $R^2$  is 0.67, which is an indication of strong relationship. Moreover all the P values except design of lifebuoy are less than .05. This indicates that except the design of lifebuoy others validate the model. The coefficients for design and price of Tapal tea is 0.55, and -0.04 respectively, indicating that the consumers while evaluating Tapal tea were more influenced with the design of tea as compared to the price of Tapal tea. In case of Lifebuoy, the coefficients for design and prices were 0.01,

and 0.20 indicating that while evaluating Lifebuoy, the consumer appears to be more influenced by price as compared to design of Lifebuoy soap.

- In case of distance extension the  $R^2$  is 0.32, which indicates a weaker relationship. Moreover all the P values except the design of Woodward gripe water are less than .05. This indicates that the design of Woodward has no relationship with the dependent variable “consumer evaluation of brand extension” The coefficient of determination for Sufi’ design and price are 0.19 and 0.14 respectively, indicating that in case of Sufi the design is comparatively stronger predictor than price. Comparatively, price of Woodward was stronger predictor and design has no relationship with consumer evaluation of distance brand.

## 4.2.0 Recommendation

- 1) The firms whose brands have strong reputation could afford the luxury of venturing into distance brand extension. The firms with weaker brand reputation should focus on enhancing the brand reputation, and if they have to extend their brand it should be in the same category.
- 2) The firms that are extending their brands to similar category (Close extension), should target

the consumers that have high level of innovativeness. Comparatively, the companies that are extending their brand into non-similar category (distance extension) must target those customers that have high level of perceived risk.

- 3). In case of close extensions such as tea and tea bag, the firm must concentrate on the design which Tapal was found to be doing. However, in case of distance extension, no relationship was found with the design of Woodward gripe water. The Woodward needs to improve the design of the gripe water packaging in order to remain competitive.
- 4) In case of distance extension, the firms must not extend their brands to a category that consumer would not consider a substitute or complement. Sufi and Woodward despite knowing this has dared to extend into these categories assuming that while evaluating their extension the customers will take cues from the reputation of the company.
- 5) Firms should be careful in application of brand extension strategy (multi-brand) as it could have adverse affect on the parent brand and would also adversely affect the reputation of the parent brand.

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## ANNEXURE-1

## QUESTIONNAIRE

## SIMILARITY

Q1	Rate the similarity of the following brand extensions on the scale of 1-5.		
	Five being very “Very Similar” and one being “not similar” at all.		
	PARENT BRAND	EXTENDED BRAND	
1.1	Tapal tea	Tapal tea bag	5 4 3 2 1
1.2	Life buoy soap	Life buoy shampoo	5 4 3 2 1

## REPUTATION

Q2	Rate the “Reputations” of the following brand extensions on the scale of 1-5.		
	Five being “very high reputation” and one being “very low reputation”.		
	PARENT BRAND	EXTENDED BRAND	
2.1	Tapal tea	Tapal tea bag	5 4 3 2 1
2.2	Life buoy soap	Life buoy shampoo	5 4 3 2 1

## MULTIPLE BRANDS

Q5	Rate which of the core brands have a strong reputation of introducing “Multiple brands”.		
	Five being “high reputation” and one being “low reputation”		
	PARENT BRAND	EXTENDED BRAND	
1.1	Tapal tea	Tapal tea bag	5 4 3 2 1
1.2	Life buoy soap	Life buoy shampoo	5 4 3 2 1

**PARENT BRAND CHARACTERISTICS**

Q6	Rate which of the core brands have a “association” of the following brands.		
	Five being “strong association” and one being “low association”		
	“Strong association” is a brand like “Sony” that can be used for multiple products.		
	<b>PARENT BRAND</b>	<b>EXTENDED BRAND</b>	
1.1	Tapal tea	Tapal tea bag	5 4 3 2 1
1.2	Life buoy soap	Life buoy shampoo	5 4 3 2 1

**BRAND CONCEPT CONSISTENCY**

Q7.1	Rate your “price perception” about the following core brands.		
	Five being very high and one being very low		
	<b>PARENT BRAND</b>		
1.1	Tapal tea		5 4 3 2 1
1.2	Life buoy soap		5 4 3 2 1

**BRAND CONCEPT CONSISTENCY**

Q7.2	Rate your “design perception” about the following core brands.		
	Five being “very expensive” and one being “not expensive at all.”		
	<b>PARENT BRAND</b>		
1.1	Tapal tea		5 4 3 2 1
1.2	Life buoy soap		5 4 3 2 1

**OVERALL CONSUMER EVALUATION OF THE BRAND**

Q8	Over all I am very positive to the following extensions.		
	Five being “very positive” and one being “not very positive”		
	<b>PARENT BRAND</b>	<b>EXTENDED BRAND</b>	
1.1	Tapal tea	Tapal tea bag	5 4 3 2 1
1.2	Life buoy soap	Life buoy shampoo	5 4 3 2 1