

Identification and Examination of Effective Factors on Consumers Perceived Fit Toward Brand Extension of Kerman Pegah Company

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Brand extension is one of the most common growing strategies in many companies. We wanted to identify some of effective factors on consumers perceived fit toward brand extension of the Kerman Pegah Company and indicate the impact of the consumers' characteristics on the impact of these factors. In this study, we used library method to collect literature. Statistical universe of this study was consumers of the Kerman Pegah Company and statistical sample contains 178 individuals of whom. The data of research, obtained through questionnaire, was analyzed with regression analysis, correlation analysis, T-test and chi-square test. Analyzing the findings of the data indicated that extension marketing strategy, related product associations and non product related associations toward parent brand / extension category influenced consumers perceived fit of brand extension of the Kerman Pegah Company. Increasing the consumer expertise and self monitoring increased the effect of extension marketing strategy. Increasing the age of consumers decreased the effect of extension marketing strategy. Also, increasing expertise of consumers increased the effect of related product associations and the effect of non product related associations on consumers perceived fit. Increasing of self monitoring caused increasing the effect of non product related associations on consumers perceived fit. The findings of this paper can help other companies that may wish to extend their brand to be successful.

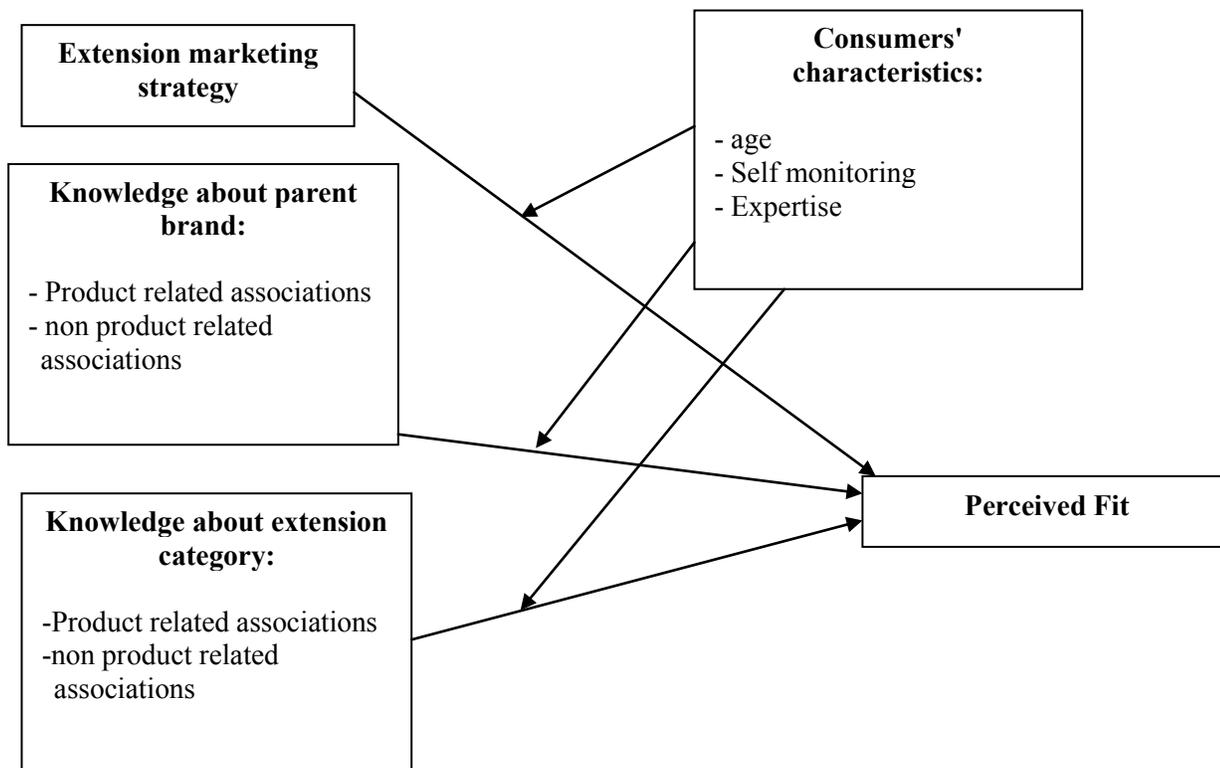
INTRODUCTION

Brand extension which involves introducing new products under existing brand names has become a famous strategy since the 1980s (Aaker, 1990). Brand extensions, which are seen as beneficial because of marketing efficiencies such as reduced new product introduction costs and increased chance of success (Aaker, 1990, Keller, 1998). Consumers' evaluations of brand extension have been investigated by different methods. One of that is consumer perception between extension and parent brand is the most important factor in evaluations of extension (Aaker & Keller, 1996). Although there are many studies about effective factors on consumers' perceived fit, there is no comprehensive study that examine them together with regarding the consumers characteristics. Thus, we want to conduct a comprehensive study about the effective factors on consumers' perceived fit toward brand extension of Kerman Pegah company.

BACKGROUND

Many studies have been conducted about considering the affective factors on consumers fit perception, for example; we can mention the studies of Boush,etal (1991), Aaker (1990),Keller(1987). They focused on information process, transferring of affect. Pryor and Brodie (1998) and Boush (1993) have examined the pricing techniques on fit perception. Braun,etal (2000) investigated the effect of advertising on consumer fit perception. As mentioned, these studies have considered just some variables which can influence consumers fit perceptions and however there is no study that considers consumers characteristics with these variables. Czellar(2003) presented a model that considers many factors together and this is the most comprehensive model so far which we use and is detailed below.

FIGURE 1
MODEL OF EFFECTIVE FACTORS ON CONSUMER PERCEIVED FIT TOWARD BRAND EXTENSION



A brand extension, in a new product category, is viewed as a new instance that can be more or less similar to the brand and its existing products. Perceived similarity, also called perceived fit, is characterized by the number of shared associations between the extension product category and the brand (Czellar, 2003). The most popular concept in literature that is used for fit dimensions definition are: similarity, relatedness, typicality and brand concept consistency (Aaker & Keller, 1990, Boush &Loken, 1991, Herr , etal, 1991).

Extension Marketing Strategy

Most of previous studies focused on the advertising content and frequency of it. Long term positioning of brand is supported by all of mix marketing and plays an important role in extension evaluation (Czellar, 2003).

Brand Related Associations

Brand association is anything that is linked in memory to a brand (Aaker, p.109). Keller (1993, 1998) classifies brand associations into three major categories: attributes, benefits and attitudes. We measure product related associations by product attributes, product usages, product quality and the rate of need satisfaction and non product related associations are measured by personal identity, social identity and status.

CONSUMERS CHARACTERISTIC

Consumer Expertise

Research on consumer memory shows that expertise with a specific product Category leads to more and more elaborate and complex knowledge structures (Alba & Hutchinson, 1987). It also appears that brand ratings by expert consumers are based on concrete product attributes, whereas the brand ratings of novices stem from more general impressions about the brand (Dillon,etal, 2001).

Self Monitoring

According to self-monitoring theory, people differ substantially in the way they regulate themselves in public situations (Gangestad & Snyder, 2000; Snyder, 1974). Low self-monitors tend to project a stable self in diverse settings of social interaction. Their behavior is guided more by inner psychological factors than social influences. High self-monitors, on the other hand, exert more expressive control over their social behavior and tend to adapt their appearance and acts to specific situations (Czellar, 2003).

Age

Human cognitive capacity is strongly linked to age. Research shows that the cognitive capacity of the elderly, especially over 65, declines progressively (Chasseigne,etal, 1997; Lambert- Pandraud & Laurent, 2002). For these people, the learning of new information becomes difficult and they tend to rely on existing information in long-term memory rather than on active short-term memory to make judgments and decisions (Salthouse, 1991). We therefore expect elderly people to be less sensitive to new information on the product's positioning than younger people.

HYPOTHESES

H1: Extension marketing strategy influences consumer perceived fit.

H2: Increasing consumer expertise decreases the effect of extension marketing strategy on consumer perceived fit.

H3: Increasing consumer self monitoring decreases the effect of extension marketing strategy on consumer perceived fit.

H4: Increasing consumer age decreases the effect of extension marketing strategy on consumer perceived fit.

H5: Product related associations influence consumer perceived fit.

H6: Non product related associations influence consumer perceived fit.

H7: Increasing consumer expertise increases the effect of product related associations on consumer perceived fit.

H8: Increasing consumer expertise decreases the effect of non product related associations on consumer perceived fit.

H9: Increasing consumer self monitoring increases the effect of non product related associations on consumer perceived fit.

VARIABLES

We have three variables in this study. The dependent variable is the consumer perceived fit toward brand extension of Kerman Pegah Company.

The independent variables are extension marketing strategy, product related associations, toward parent brand/extension category, and non product related associations. Moderating variable is consumers' characteristics (self-monitoring, age and expertise). (See Figure 1)

METHODOLOGY

We used library method to collect literature and data were collected obtained through a questionnaire with 39 questions. A total of, 178 questionnaires was completed by consumers of Pegah in Kerman in 2009. The questionnaire has reliability with Cronbach alpha 0.89.

RESULTS

We used T-test, chi-square, correlation analysis and regression analysis to analyze the data. T test analyze for assessing first hypothesis was shown below:

**TABLE 1
EXTENSION MARKETING STRATEGY AND CONSUMER FIT PERCEPTION**

| Variable name | Test value=3 | | | | | |
|--|--------------|-----|-------|-----------------|---|--------|
| | t | df | sig | Mean difference | 95% Confidence Interval of the Difference | |
| | | | | | Lower | Upper |
| extension marketing strategy on consumer perceived fit | 3.343 | 177 | 0.001 | 0.1835 | 0.075 | 0.2913 |

Since lower and upper limitations were positive, we could conclude that the calculated amount was more than the test value. Thus, we concluded extension marketing strategy influenced consumer fit perception.

We used correlation analyze for assessing hypothesis 2, 3 and 4. Findings were detailed in Table 2.

TABLE 2
CONSUMER EXPERTISE, AGE AND SELF MONITORING, EXTENSION MARKETING STRATEGY AND CONSUMER FIT PERCEPTION

| | Consumer expertise | | Consumer self monitoring | | Consumer age | |
|---|---------------------|-------|--------------------------|-------|---------------------|-------|
| | Pearson correlation | sig | Pearson correlation | sig | Pearson correlation | sig |
| Effect of extension marketing strategy on consumer perceived fit | 0.104 | 0.044 | 0.263 | 0.000 | -0.141 | 0.030 |

Accordingly, the table showed that,

- There was a positive relation between consumer expertise and the effect of extension marketing strategy on consumer perceived fit (R=0.104, sig=0.044). Thus, hypothesis 2 was rejected.
- There was a positive relation between consumer self monitoring and the effect of extension marketing strategy on consumer perceived fit (R=0.263, sig=0.000). Thus, hypothesis 3 was rejected.
- There was a negative relation between consumer age and the effect of extension marketing strategy on consumer perceived fit (R= -0.141, sig =0.03). Thus, hypothesis 4 was accepted.

We used chi-square to test hypothesis 5 and 6. Findings were shown below:

TABLE 3
PRODUCT RELATED ASSOCIATIONS, NON PRODUCT RELATED ASSOCIATIONS AND CONSUMER PERCEIVED FIT

| | df | Sig(one- tailed) |
|--|-----|------------------|
| The effect of Product related associations on consumer perceived fit | 70 | 0.002 |
| The effect of Non product related associations on consumer perceived fit | 810 | 0.001 |

Since the significance of both of them were lower than 0.05, we could conclude, the product related associations and the non product related associations influenced consumer perceived fit. Thus, hypothesis 5 and 6 were accepted.

Also, regression analyze was used to test hypothesis 7, 8 and 9.

TABLE 4
CONSUMER EXPERTISE, CONSUMER SELF MONITORING AND CONSUMER PERCEIVED FIT

| Dependent variable | | | B | t | Standardized beta | Sig of t | r | R ² | Adjusted R ² |
|--------------------|----------------------|----------------------------------|--------|-------|-------------------|----------|-------|----------------|-------------------------|
| Perceived fit | Moderating variable | Consumer expertise | 0.095 | 1.179 | 0.084 | 0.024 | 0.042 | 0.176 | 0.167 |
| | Independent variable | Product related associations | 0.0425 | 5.479 | 0.390 | 0.000 | | | |
| Perceived fit | Moderating variable | Consumer expertise | 0.149 | 1.885 | 0.131 | 0.041 | 0.411 | 0.169 | 0.159 |
| | Independent variable | Non product related associations | 0.326 | 5.331 | 0.370 | 0.000 | | | |
| Perceived fit | Moderating variable | Consumer self monitoring | 0.104 | 1.646 | 0.177 | 0.010 | 0.406 | 0.165 | 0.155 |
| | Independent variable | Non product related associations | 0.320 | 5.130 | 0.364 | 0.000 | | | |

We saw coefficients of consumer expertise and Product related associations were positive, thus increasing consumer expertise caused increasing the effect of product related associations on consumer perceived fit. Hypothesis 7 was accepted.

Also, coefficients of consumer expertise and non product related associations in regression were positive. Thus, increasing consumer expertise caused increasing the effect of non product related associations on consumers perceived fit and hypothesis 8 was rejected.

The coefficients of consumer self monitoring and non product related associations in regression were positive. Thus, increasing consumer self monitoring causes increasing the effect of non product related associations on consumer perceived fit and hypothesis 9 was accepted.

DISCUSSION

Currently, brand extension is one of the most popular growing strategies. But its success depends on consumers' evaluations of brand extension. In this research, we examined some of these factors. We found through chi-square test, product related association and non product related associations influence consumer perceived fit. Findings of regression analyze indicate increasing consumer expertise, increases the effect of product related associations and non product related associations. Also, findings indicate increasing consumer self monitoring, increases the effect of non product related associations on consumer perceived fit.

Result of T-test shows extension marketing strategy influences consumer perceived fit. Implications of correlation analyze shows increasing consumer expertise and consumer self monitoring increases the effect of extension marketing strategy on consumer perceived fit and increasing consumer age decreases the effect of extension marketing strategy on consumer perceived fit.

SUGGESTION

In this paper, we examined some of effective factors on consumers perceived fit toward brand extension of Kerman Pegah company. Future researches can examine other factors like consumer innovativeness, consumer mood, external information and situational factors.

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