

# Evaluating the Feedback Effects of Brand Extension on Parent Brand Equity: A Study on Indian FMCG Industry

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## Abstract

Brand extension is an important strategy to utilize the credibility of the brand and to minimize the advertising costs. The strategy is used in various industries these days but fast moving consumer goods (FMCG) is such an industry which lie closer to a consumer, hence the immediate effect of any strategy can be properly viewed in this industry. The study is an attempt to provide a framework to examine the effects of brand extension strategy on parent brand equity. It is based on two real FMCG brands of Indian market and their brand extensions. Two frameworks are shown based on the two brands Saffola and Fortune with a sample size of 285 and 278 respondents, respectively. Structural equation modelling is used to analyze the effectiveness of both the frameworks. The findings indicate that brand extensions do affect parent brand equity. Therefore, extensions should be introduced in such a manner that they help to strengthen parent brand equity.

## Key Words

Brand, Brand Extension, Feedback Effects, Parent Brand Equity

## Introduction

Several multinationals are entering into new markets, and they are leveraging their existing equity by practicing brand extension. Hence, it is important to study the factors which affect brand extension (Kaur & Pandit, 2015). Although extensions take advantage from parent brand's existing brand equity, the extensions also impact the equity of parent brand which is termed as reciprocal effects (Ahluwalia & Gurhan-Canli, 2000; Dwivedi & Merrilees, 2013). Successful brands are the assets of the company. They help in creating value for the company. Firms have different strategies for extending brands. The first strategy is to employ individual brand names to different products without any association to the parent company, for example, Procter & Gamble and its various brands. The second strategy is to use an umbrella brand name for every product, for example, Tata Tea, Tata Steel, etc. The third strategy is to

use the combination of both, a sub-brand category which has parent brand and the individual brand names, such as Cadbury Oreo and Cadbury Dairy Milk (Pitta & Katsanis, 1995). The need for brand extensions was explained by Tauber (1988). According to Tauber, way back in the 1960s it was believed that to grow a company has to market new products otherwise the company will eventually die. Product life cycle concept was believed by most marketers. By 1980s, a study by Tauber for 7,000 items in 10-year period resulted in the success of only 93 items; hence, new product development was questionable. In 1980s, brand leverage was the strategy where an existing brand name was used for new product category so as to minimize the risk. Also, brand leverage or extension helped in improving the sales of the parent brand. Brand extensions are identified along with another category of extensions called line extensions although there is a slight difference between the two. Brand extension is the use of well-known brand name

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to penetrate a new product class (Aaker & Keller, 1990). And a line extension is the use of a recognized brand name for a new offering in the same product class (Reddy, Holak, & Bhat, 1994).

Brand extension has been studied extensively from the last few years. The brand extension studies can be divided into two broad categories: the first category refers to the studies related to the factors affecting brand extension. And the second category refers to the studies which evaluate the effect of brand extension on parent brand which is called as feedback effects on parent brand (Dwivedi & Merrilees, 2013). The current study is the combination of both the categories. It is an attempt to investigate the factors which affect brand extension and the impact of brand extension on parent brand equity. The framework is formulated keeping in view both the aspects of the research carried out till now. So that a new approach to study extensions and branding can be presented.

An extensive literature review has shown that the previous studies were focused on hypothetical brand extensions. Many brand extension studies use fictitious brands (Dens & Pelsmacker, 2010). Therefore, the actual behaviour of customers is not revealed. Also, the Indian context of brand extension has not been studied rigorously. The models and framework proposed in developed markets cannot be replicated in the Indian context. The study is an attempt to reduce the shortcomings and research gaps in the existing literature. The current study is underlining the feedback effects of brand extension on parent brand equity along with the effect of various factors on brand extension are being analyzed simultaneously. The study has identified the importance of brand extension and its feedback effects in the context of Indian brands and Indian population. The study is divided into four parts: first part comprises the literature review followed by research methodology in the second part. In the third segment of study, analysis and hypothesis testing are carried out. In the last part of the study, discussion and the implications of study along with its limitations and future research are covered.

## Literature Review and Proposed Framework

Brand extension feedback effects are important while evaluating the effectiveness of brand extension. The reason is that the favourable evaluation of extension is supposed to be crucial in developing equity of a brand (Pitta & Katsani, 1995). Recent studies have focused on determining the usefulness of extension for the established parent brand. Feedback effects of successful extension products can also be negative when the perceived quality of the extension does not succeed in meeting the high-quality level of the parent brand (Volckner, Sattler, & Kaufmann, 2008). In another study (Zimmer & Bhat, 2004), it is shown that the

quality of extension did not diminish the parent brand image, it either improved or left it unchanged. The associative-network memory theory is important to understand brand extension evaluation and their feedback effects. Knowledge of brand in the consumer memory is held as information nodes. Once an extension is introduced, the information already held in nodes is transferred to the extension. If consumers are satisfied or dissatisfied, it flows back to information nodes (Keller, 2007). Figure 1 represents the proposed framework of the study.

## Consumer Innovativeness

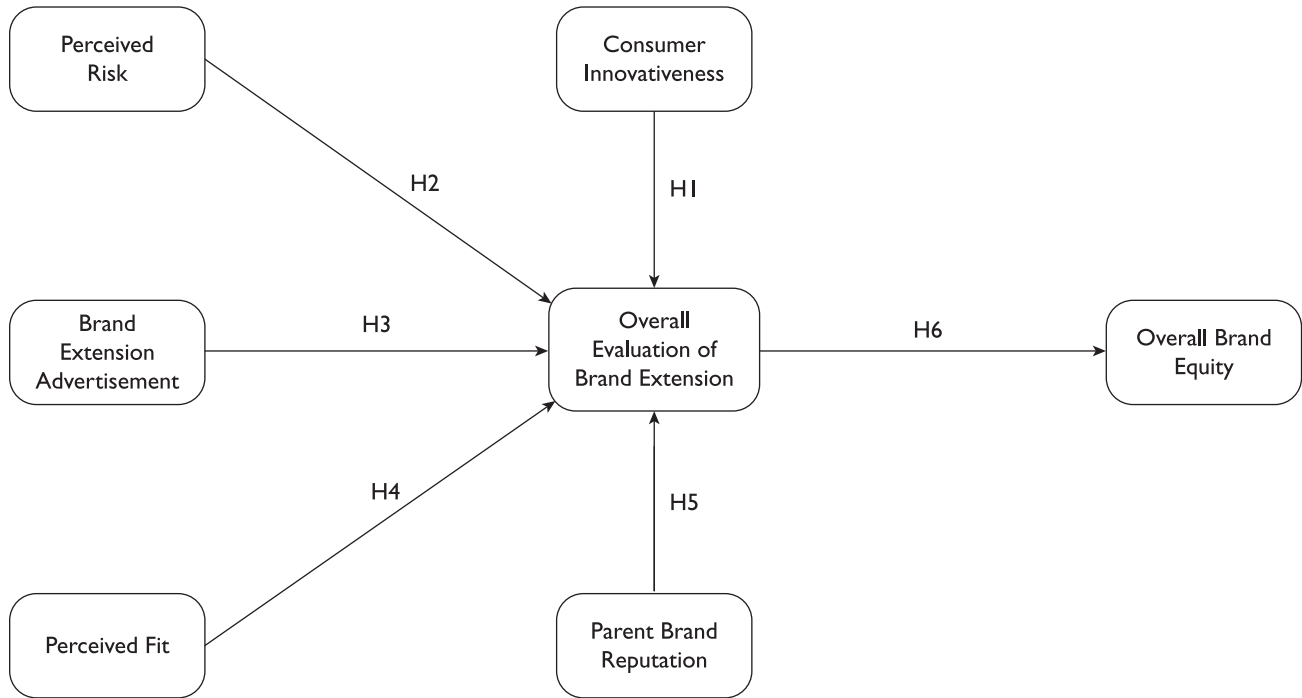
The consumer responds differently to new products (Gatingnon & Robertson, 1985). Consumer innovativeness is defined as a person's tendency to adopt with new ideas or products comparatively earlier than the other people (Klink & Athaide, 2009). Consumer innovativeness is the inherent willingness to innovate which develops market and the product. According to diffusion of innovation theory, innovator is the first individual to adopt an innovation. Consumer innovators find comfort in taking the risk (Rogers, 1983). Every consumer, to some extent, is an innovator; all of us adopt some new ideas or objects in our lives (Hirschman, 1980). Brand extension is usually associated with a relatively new product. Therefore, innovators tend to purchase extension products. Hence, it can be postulated that

*H1 Consumer innovativeness has significant positive effect on brand extension evaluation.*

## Perceived Risk

Bauer (1960) for the first time proposed that consumer behaviour is to be viewed as risk taking. The risk is also differentiated by several other parameters (Dowling & Staelin, 1994). The type of risk first reflects the person's perception of risk which is inbuilt in buying any particular product in a specific product category; this predisposition is referred to as product-category risk (PCR). The second type of risk is the perceived risk associated with the choice of particular product in a product class. Hence, some products in a product class may be considered safe while others may be perceived as risky. It is called product-specific risk (PSR). Entry in a risky product category can be made with a well-known brand name. The brand can serve as risk reliever and increase the acceptance of new extension (Hem, Chernatony, & Iversen, 2003). Established brand helps to alleviate the risk and the extension product is benefitted by such consumer perception. Hence, it can be postulated that

*H2 Higher the perceived risk associated with the extension category more positive and significant will be the brand extension evaluation.*



**Figure 1.** Proposed Conceptual Framework

**Source:** Authors' own.

## Brand Extension Advertisement

The theory of the hierarchy of effects is useful for studying the influence of advertising on the consumer behaviour towards brand extensions. According to this theory, the first aim of advertising is not to sell but to enlarge brand beliefs by articulating the existence of brand (Martinez, Montaner, & Pina, 2009). Advertising of extension product makes consumer aware of the performance of the company and therefore increases the quality perceptions of the parent brand. Advertising of extension product strengthens the parent brand image (Volckner et al., 2008). Advertising is responsible for extension success (Taylor & Bearden, 2003). Thus, it can be postulated that

*H3 Brand extension advertisement has significant positive impact on the overall evaluation of brand extension.*

## Perceived Fit

The perceived fit is the amount of congruence or similarity between the extension and the parent brand (Buil, Chernatony, & Hem, 2009). Consumer reactions to brand extensions involve a classification process in which new product is assessed according to the appropriateness of its membership in a category that already has a set of products which have some identifiable label it is termed as perceived fit. The perceived fit is defined with the help of two concepts: product similarity and concept consistency (Park, Milberg, & Lawson, 1991). Product similarity is referred to as the

extent to which consumers perceive the extension as similar to the other products associated with the brand in terms of need they accomplish and situations in which they are used (Smith & Park, 1992). Concept consistency relies on the extension product's ability to hold the brand concept. An extension with good fit fortifies parent brand equity magnitude such as brand image (Zimmer & Bhat, 2004). Therefore, it can be postulated that

*H4 Perceived fit has significant positive impact on the overall evaluation of brand extension.*

## Parent Brand Reputation

The effect of brand extension strategies on parent brand equity is expected to depend on the reputation of the parent brand. Brand extensions of the high equity brands benefit of a more positive attitude. Strong brand enhances the chances of a positive consumer attitude towards brand extensions. Strong brands enjoy high awareness level and clearly defined associations which are transmitted to the extension (Buil et al., 2009). When a new brand is launched consumers do not have prior experience with that brand; therefore, consumers rely greatly on cues, such as brand reputation. Brands with higher alleged reputation provide consumers with greater risk relief (Hem et al., 2003).

Hence, it can be postulated that

*H5 Parent brand reputation has significant positive impact on brand extension.*

## Effect of Brand Extension on Overall Brand Equity

Effect of brand extension on brand image is important when developing strategies. Attitude towards the brand extension changes the consumers associations about the core brand (Martinez & Chernatony, 2004). A new brand extension gives new information to consumers about the parent brand which impacts the existing brand schema. If consumers believe a brand offers high quality, on the whole attitude towards parent brand is improved (Dens & Pelsmacker, 2010). The evaluation of the parent brand will be positive if consumers hold a positive attitude towards the extensions. If consumers possess negative attitude towards the extension, this will convey to the parent brand (Dwivedi, Merrilees, & Sweeney, 2010).

Hence, it can be postulated that

*H6 Brand extension has significant positive impact on brand equity of parent brand.*

## Research Methodology

### Research Design

A cross-sectional survey using online and offline methods was administered. In offline survey, respondents were provided with the hard copy of questionnaire of the brand which they were using or have used. In the case of the usage of both the brands, both questionnaires were provided. The online survey was conducted by designing links for both questionnaires with the help of Google Forms. The links of the questionnaires were circulated through e-mails, Facebook and LinkedIn. Again in the online survey also the customers were advised to fill the questionnaires of the brand which they were using and for usage of both brands they were advised to visit the links of both questionnaires and fill them.

### Respondents

In view of the lack of formal sampling frame in such surveys, the studies used non-random convenience sampling technique. To ensure the true representation of the population under study, the survey was conducted in all parts of the Delhi among housewives, school teachers and postgraduate students in Delhi NCR. The sample size is 285 respondents for the brand Saffola and 278 respondents for brand Fortune.

### Stimulus Selection

Five FMCG brands were chosen on the basis of their visibility in electronic and print media advertisements for their recent brand extensions. Several pre-tests were carried out before finalizing two brands and their respective

extensions for the main study. The brands which were chosen for the research for stimulus development were Fair & Lovely (Hindustan Unilever), Saffola (Marico), Fortune (Adani Wilmar Limited), Nivea (Beiersdorf Global AG) and Duracell (Berkshire Hathaway). Their respective brand extensions were Fair & Lovely Face Wash, Saffola Oats, Fortune Rice, Nivea Deo and Duracell Powermat. The pre-tests were divided into a two-step process of determining the brand associations of the respondents with the five chosen brands and the selection of two brands out of five brands.

### Area of the Study

The pre-tests were conducted in various regions of Delhi, that is, East Delhi, South Delhi, North Delhi, West Delhi and Central Delhi. In pre-test one, respondents were asked to write down the associations and other thoughts which they could recollect after hearing the name of the brand. Table 1 depicts the associations which the respondents could link with a particular brand.

Pre-test two was conducted with the help of focus group technique. Respondents in this type of research are chosen on the basis of their familiarity with the topic of research, they are in the age group prescribed by the study and have similar socio-cultural characteristics and are able to express their views to the interviewer (Rabiee, 2004). The results of the pre-tests demonstrated that Saffola and Fortune were chosen by respondents in three regions of Delhi (East Delhi, West Delhi and central Delhi) (East Delhi, South Delhi and North Delhi). Other brands, such as fair & lovely, were selected in two regions, and Nivea and Duracell are chosen in one region by the respondents. As a result of all the five pre-tests, two brands are chosen for the study (the brands with maximum frequency of appearance in focus groups):

1. Saffola
2. Fortune

### Instrument and Measures

Given the cultural difference, buying habits and nature of Indian consumer necessary modifications and change have

**Table 1.** Summary of Brand Associations Collected from Questionnaire

Brand	Brand Associations
Fair & Lovely	Bleaching ingredients, cosmetic cream, Fair, whiteness cream, beautiful
Saffola	Health, heart, cholesterol free, less calorie, yellow
Fortune	Refined oil, light, easy availability, for low medium class people
Nivea	Cream, blue colour, tender feel, winters
Duracell	Long lasting battery, keep running, rabbit, powerful battery

Source: Authors' own.

been made in the scales which were available through literature review. Likert seven-point scale is used to frame the questionnaire (ranging from strongly disagree [1] to strongly agree [7]). The scale has been developed with the help of extensive literature review. Four items for the construct Overall Brand Equity were taken from Yoo and Donthu (2001). Out of five items for the construct Overall Evaluation of Brand Extensions, four were taken from Dwivedi et al. (2010) and one was taken from Aaker and Keller (1990). For measuring consumer innovativeness, four items were taken from Klink and Athaide (2009) and two items were taken from Hem et al. (2003). Three items for the construct parent brand reputation were taken from Hem et al. (2003) and three items were taken from Dwivedi et al. (2010). For measuring perceived fit, two items were taken from Hem et al. (2003) and one each from Dwivedi

et al. (2010), Aaker and Keller (1990) and Martinez et al. (2009). Perceived risk is measured with the help of five items adapted from Hem et al. (2003). For measuring Brand Extension Advertising impact, two items were adapted from Volcker et al. (2008) and two were taken from Kaur and Pandit (2015). Table 2 shows the scales which are used in the questionnaire.

## Reliability and Validity

### Reliability

Reliability is the ability of a measuring instrument to give accurate and constant results. The reliability for proposed model 1 was assessed using Cronbach's  $\alpha$ . The values of Cronbach's  $\alpha$  for the constructs of model 1 depicting the

**Table 2.** Scales Used in the Questionnaire

Construct	Items
Overall Brand Equity	<ul style="list-style-type: none"> <li>• It makes sense to buy Saffola/Fortune instead of any other brands.</li> <li>• Even if another brand has the same features as Saffola/Fortune, I buy Saffola/Fortune.</li> <li>• If there is another brand as good as Saffola/Fortune, I still buy Saffola/Fortune.</li> <li>• If another brand is not different from Saffola/Fortune in any way, it is smarter to purchase Saffola/Fortune.</li> </ul>
Overall Evaluation of Brand Extensions	<ul style="list-style-type: none"> <li>• Overall, I am very positive to extension Saffola/Fortune oats.</li> <li>• I am inclined towards extension Saffola/Fortune oats.</li> <li>• According to me extension Saffola/Fortune oats/rice is great.</li> <li>• I admire extension Saffola/Fortune oats/rice a lot.</li> <li>• I feel good about Saffola/Fortune oats/rice.</li> </ul>
Consumer Innovativeness	<ul style="list-style-type: none"> <li>• Overall, I like buying the most recent oats/rice.</li> <li>• If I needed to purchase oats/rice I would buy latest one available.</li> <li>• When I see one new brand of oats/rice product in the store, I often buy it because it is new.</li> <li>• I like to purchase the latest oats/rice before others do.</li> <li>• I like to experience novelty and change in my daily routine.</li> <li>• I like surprises.</li> </ul>
Parent Brand Reputation	<ul style="list-style-type: none"> <li>• Altogether, I am very positive to brand Saffola/Fortune.</li> <li>• Altogether, I am very satisfied with brand Saffola/Fortune.</li> <li>• Altogether, I associate positive things with brand Saffola/Fortune.</li> <li>• The SAFFOLA/FORTUNE brand is interesting.</li> <li>• According to me Saffola/Fortune brand is different from other competing brands.</li> <li>• I feel that I have a clear reason to buy Saffola/Fortune instead of others.</li> </ul>
Perceived Fit	<ul style="list-style-type: none"> <li>• The extension Saffola/Fortune oats/rice makes sense.</li> <li>• Saffola/Fortune brand has skills to launch the brand extension.</li> <li>• How similar or dissimilar are 'new product' to the products usually offered by Saffola/Fortune?</li> <li>• How similar is the position of Saffola/Fortune user with extension Saffola/Fortune oats/rice?</li> <li>• Think about brand Saffola/Fortune how similar is the competence for making original brand and extension Saffola/Fortune oats?</li> </ul>
Perceived Risk	<ul style="list-style-type: none"> <li>• When I'm in front of oats/rice section, I always feel rather unsure about what to pick.</li> <li>• When you buy oats/rice it's easy to make a wrong choice.</li> <li>• It's difficult to know that which oats/rice is the best option in the market.</li> <li>• I should be annoyed with myself if it turned out I'd made the wrong choice.</li> <li>• It's not so dangerous to make a wrong choice of oats/rice.</li> </ul>
Brand Extension Advertisements	<ul style="list-style-type: none"> <li>• Extension product is well supported in advertisements.</li> <li>• Extension product advertisements are memorable.</li> <li>• Frequency of extension product advertisement is 3–4 times a day.</li> <li>• Advertisements of extension product have strong appeal.</li> </ul>

**Source:** Authors' own.

study of brand Saffola were 0.871, 0.899, 0.847, 0.862, 0.873, 0.891 and 0.808.

For proposed model 2, the values of Cronbach's  $\alpha$  for the constructs model 2, that is, the study of brand Fortune were 0.868, 0.896, 0.845, 0.861 and 0.875, 0.891 and 0.803. Reliability estimate of 0.7 or higher denotes that the scale is reliable. Reliability between 0.6 and 0.7 is considered acceptable (Hair et al., 2013). Reliability for all constructs is in the suitable range for the models of both brands.

### Validity

Construct validity indicates the degree to which the constructs used for the study actually measures the projected performance in comparison to the proposed measurement standards.

The composite reliability values for all the constructs in the model 1 created using brand Saffola were all greater than 0.80, the values exceeded the suggested values of 0.7 (Hair et al., 2013); thus all lie in acceptable range. The AVE scores is greater than 0.50; this establishes convergent validity (values of AVE are  $> 0.50$  exceeding the recommended level, Hair et al., 2013). Discriminant validity is measured by the values of AVE, MSV and ASV. The values of  $AVE > MSV$  &  $ASV$  indicate that discriminant validity is also established. Table 3 depicts the values of reliability and validity of constructs for model 1 (Saffola).

The composite reliability values for all the constructs in model 2 created using brand Fortune were all greater than 0.80. The AVE scores is greater than 0.50. Both the values of CR and AVE exceeded the suggested values of 0.7 and 0.5 (Hair et al., 2013). Discriminant validity is measured using the values of AVE and MSV, ASV. The values of  $AVE > MSV$  and  $ASV$  indicate that discriminant validity is also established. Table 4 depicts the values of reliability and validity of constructs for model 2 (Fortune).

## Measurement Model Analysis

### Model 1

A confirmatory factor analysis was run in AMOS 22.0. The GFI of 0.848 was achieved for the brand Saffola; the values close to 1 indicate good fit (Byrne, 2010); CFI of 0.937 was

**Table 3.** Reliability and Validity of Constructs

	Model 1			
	CR	AVE	MSV	ASV
BEA	0.874	0.634	0.346	0.085
CIN	0.874	0.539	0.360	0.183
PBR	0.900	0.600	0.430	0.250
PR	0.863	0.559	0.346	0.072
PF	0.847	0.526	0.487	0.267
OBE	0.814	0.524	0.419	0.196
OEBE	0.891	0.622	0.487	0.256

Source: Authors' own.

**Table 4.** Reliability and Validity of Constructs

	Model 2			
	CR	AVE	MSV	ASV
BEA	0.876	0.639	0.343	0.089
CIN	0.871	0.534	0.354	0.176
PBR	0.897	0.592	0.424	0.246
PR	0.862	0.556	0.343	0.073
PF	0.845	0.522	0.472	0.263
OBE	0.809	0.516	0.424	0.196
OEBE	0.891	0.621	0.472	0.257

Source: Authors' own.

Notes: Indices: CR, composite reliability; AVE, average variance extracted; MSV, maximum shared variance; ASV, average shared variance; BEA, brand extension advertisement; CIN, consumer innovativeness; PBR, parent brand reputation; PR, perceived risk; PF, perceived fit; OBE, overall brand equity and OEBE, overall evaluation of brand extension.

obtained; CFI value more than 0.90 indicates that model fits well (Hair et al., 2013). TLI of 0.93 was obtained. The model with values that approach 1 suggests a better fit (Hair et al., 2013) was achieved for the study of brand Saffola which was acceptable. Indices of the badness of fit, namely, RMSEA, for brand Saffola was 0.047, and the cut-off value between 0.03 and 0.08 is advisable (Hair et al., 2013).

### Model 2

In the study of brand Fortune GFI of 0.845 was achieved; the values close to 1 indicate good fit (Byrne, 2010); CFI of 0.934 was obtained; CFI value more than 0.90 indicates that model fits well (Hair et al., 2013) and TLI of 0.927 was obtained for brand Fortune. The model with values that approach 1 suggests a better fit (Hair et al., 2013). The value of RMSEA was 0.048, and the cut-off value between 0.03 and 0.08 is advisable (Hair et al., 2013).

## Structural Model Analysis

### Model 1

The structural model analysis elicits the GFI 0.844 of CFI of 0.929 and TLI of 0.922 for the study of Saffola brand. All the values of model 1, that is, Saffola, indicate the acceptable fit.

### Model 2

The structural model analysis elicits the GFI 0.841 of CFI of 0.926 and TLI of 0.919 for the study of Fortune brand. All the values of model 2, that is, Fortune, indicate the acceptable fit.

## Hypothesis Testing

An examination of significance levels reveals that all six hypotheses are significant. Table 5 reports the significance

**Table 5.** Structural Results

Model 1		
Hypothesis	Sig. Level	Hypothesis Test Results
OEBE ← CIN	0.000	Accepted
OEBE ← PR	0.008	Accepted
OEBE ← BEA	0.006	Accepted
OEBE ← PF	0.000	Accepted
OEBE ← PBR	0.000	Accepted
OBE ← OEBE	0.000	Accepted

Source: Authors' own.

levels for the brand Saffola. It suggests that consumer innovativeness has significant impact on overall evaluation of brand extension ( $p < 0.01$ ), thus supporting H1. Perceived risk also has significant impact on overall evaluation of brand extension ( $p < 0.05$ ); thus H2 is supported. Brand extension advertisement has significant impact on overall evaluation of brand extension ( $p < 0.05$ ); H3 is hence supported. Perceived fit also has significant impact on overall evaluation of brand extension ( $p < 0.01$ ), thus supporting H4. Parent brand reputation has exerted a significant impact on overall evaluation of brand extension ( $p < 0.01$ ); H5 is also supported. Overall evaluation of brand extension also had a significant impact on overall brand equity ( $p < 0.01$ ); therefore H6 is also supported.

Table 6 reports the significance levels for the brand Fortune. It suggests that consumer innovativeness has a significant impact on the overall evaluation of brand extension ( $p < 0.01$ ), hence supporting H1. Perceived risk also has a significant impact on the overall evaluation of brand extension ( $p < 0.05$ ); thus H2 is supported. Brand extension advertisement has a significant impact on the overall evaluation of brand extension ( $p < 0.05$ ); H3 is hence supported. Perceived fit also has a significant impact on the overall evaluation of brand extension ( $p < 0.01$ ), thus supporting H4. Parent brand reputation has exerted a significant impact on the overall evaluation of brand extension ( $p < 0.01$ ); H5 is also supported. Overall evaluation of brand extension also had a significant impact on overall brand equity ( $p < 0.01$ ); therefore H6 is also supported.

**Table 6.** Structural Results

Model 2		
Hypothesis	Sig. Level	Hypothesis Test Results
OEBE ← CIN	0.000	Accepted
OEBE ← PR	0.016	Accepted
OEBE ← BEA	0.009	Accepted
OEBE ← PF	0.000	Accepted
OEBE ← PBR	0.000	Accepted
OBE ← OEBE	0.000	Accepted

Source: Authors' own.

## Discussion and Implications

The present study penetrates the brand extension feedback effects in much deeper context. The literature present till date had although presented several frameworks which were empirically tested, but the current research has undergone a further exhaustive examination of factors affecting brand extension. Brand extension advertisements emerged out to be one of the important factors that affect brand extension. In most of the studies, the brand extension strategy is underlined and emphasized (Hem et al., 2003; Kaur & Pandit, 2015; Afzal, 2013; Tauber, 1988). The finding is consistent with the literature (Kaur & Pandit, 2015). Consumer innovativeness emerged out to be one of the important factors which affect brand extensions. More innovative consumers evaluate brand extension positively (Hem et al., 2003). Perceived risk has also been established as one of the important factors which affect the brand extension. There is always some risk associated with new product and this reinforces the perception of brands as risk relievers. And such benefit is shared by the extension product (Hem et al., 2003). Advertising is a manner to promote the new product; however, extension product advertising serves the purpose of reinforcement. If a brand has good image, the advertising campaigns of the extension reminds consumer about the brand association related to that brand (Martinez et al., 2009). The findings of the article reveal that brand extension advertisements do affect brand extension. Perceived fit has a positive effect on brand extensions and it has been shown with the help of two FMCG brands. This is consistent with the literature (Aaker & Keller, 1990; Buil et al., 2009; Kaur & Pandit, 2014; Martinez & Chernatony, 2004; Park et al., 1991) and services (Dwivedi & Merrilees, 2013; Hem et al., 2003). It has been a governing force in explaining success of extensions in the literature of feedback effects (Dwivedi et al., 2010). Another important factor observed is parent brand reputation. It can be seen that stronger brands provide more influence for extension than weaker brands (Hem et al., 2003). The findings of the study are coherent with the literature. The feedback effects on parent brand are not studied on real brand extensions in the Indian context. Therefore, the study is one of its kinds which mark the empirical testing of a framework which not only displays the brand extension aspect but its further impact on parent brand equity is also demonstrated. Though the results are found significant in Indian context, it shows the positive impact of brand extension on parent brand equity (Dwivedi & Merrilees, 2013).

The first major contribution is that the study moves beyond the hypothetical extensions to the real ones. Also, the extensions covered are FMCG products which exhibit high-frequency purchases. The consumer behaviour can be studied much easily in such kind of products since they are purchased continuously and the element of biases is reduced. The second major contribution is the group of

respondent belonged to different socio-economic status. The group is heterogeneous in nature, covering a diverse age group, education and profile. Therefore, results have practical significance. Managers can utilize the results in constructing the strategies for the success of brand extensions. Brand extensions should be introduced by evaluating the factors which affect them. The impact of brand extension on brand equity shows that if extensions are strategically positioned, they can enhance parent brand equity. The portion of parent brand equity which was capitalized by brand extensions is regained rather amplified by successful extensions.

### Limitations and Future Research

The current study identifies few inherent limitations. First, the study is based on only two FMCG brands of the Indian market. The FMCG industry in India is a big industry with thousands of brands. Therefore, the study of two brands limits the generalizability of framework. The second limitation is that the current study is carried out in Delhi which abridges the applicability of results universally. Future studies can be done covering the metropolitan cities of India. Along with the Indian view of brand extension, cross-cultural studies can be carried out in Asian, European and American perspective regarding the spill over effects of brand extension. Third, the current study has not considered the fact that a parent brand can also be affected by several other brand extensions which are present in the market. For example, the other extensions of Saffola are Saffola Muesli and Saffola Salt plus. Similarly, Fortune also has other extensions, such as Fortune besan, Fortune pulses and Fortune soya chunks, which are not covered in the present study.

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