

“Evaluations of Brand Extensions into the Consumer Market”

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Abstract

Brand extensions allow companies to leverage the equity in establishing brands, and thereby reducing risk associated with launching new products. A plethora of brand extension studies has been done in recent years. However, there is a paucity of research investigating business-to-business brand extensions. This study examines whether business-to-business brands can leverage their brands in the consumer market through brand extension, based on Aaker and Keller brand extension a new model was developed with theories from business-to-business branding as well as other consumer branding concepts, and tested quantitatively to understand how consumer evaluate brand extensions. The results of the present study show support for this new model. More specifically, the results indicate the B2B, consumer transferability and brand concept consistency are the major cues to evaluate brand extensions. Innovativeness and corporate social responsibility are also relevant cues. The result of the studied findings, branding strategies that make bigger B2B brands in the domain of consumer markets can be doing well wherever consumers believe to be right with opinion to skills and resources, and brand concept, and when the parent brand is supposed as being innovative and socially responsible.

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1. Introduction

The changing market dynamics and heightened competition made world markets more intense and the presence of brands had taken to its peak making markets look for the growth by reducing both the cost and the risk of new product failures, to overcome this effect brand extension is the ultimate alternative strategy as it helps to reduce the costs of new product introduction and increase the success rate (Kitchin, T. (2003) ^[14]. The concept of brand extensions is simple: if a brand has moved beyond the expectations and functionality we can say that a strong brand can be recognized. It makes economical sense to try to deliver the same emotional payback in a different market.

The cost of launching a new product will be lesser if a strong or good brand already exists so the main purpose of brand extension is to influence the intangible qualities of a brand as the functional benefits normally duplicated (Rajagopal and Sanchez, R. (2004) ^[22]. Since brand extensions imply launching new products, a key issue is to what

extent these extensions are successful. A theoretical starting point in this discussion is the concept of brand orientation, which can be explained as “an approach where the processes of the organization revolve around the creation, development, and safety of the brand identity in a current communication with target customers with the aim of achieving lasting competitive benefits inside the brands” (Abratt, R. (1989) ^[5]).

Brand orientation is an additional degree of sophistication of market orientation, means, what is demanded by customers at any given moment in time is not necessarily the same as what will reinforce the brand as a strategic resource, therefore market orientation is a source of conflict for a brand’s long-term development when achieving competitive advantage is the aim. Riel, A.C.R. van, Lemmink, J. and Ouwersloot, H ^[23] and Berthon, P., Holbrook, M.B. and Hulbert. J.M. (2003) ^[7] argues along the same line concerning brand extensions, here the problem is whether brand be supposed to be extended or not if it could be how it should be extended, simply extend the brand. Practically thoughts related to branding are structured in a consumer marketing context (Moorthi, Y. L. R. (2002) ^[19])

2. Problem Statement

It is important to recognize how the extensions are analyzed by customers to establish the fact that a brand extension can take advantage of its parent brand while minimizing potential disadvantages. The success of a brand extension is largely determined by how customers evaluate the extension (Bhattacharya, C. B. and Sen, S. (2003) ^[8]). Numerous academic studies on brand extensions have been made; Aaker had made a significant contribution in this subject Aaker 1997^[4]. In the present study, much focus is on the brand extension which is related to the problem statement whilst it tries to answer (1) determine whether a broad replication of Aaker (1997) ^[4] brand extension model is feasible with respect to the current context, (2) link theory from consumer branding to corporate branding; (3) examine the concept of predicting extension related to evaluating brand extension to make a successful model and (4) determine the relative importance of these concepts.

3. Review of Literature

3.1 Brand Extension Definition

According to Keller, K. L. (2003 p. 577) ^[13], a brand extension is defined as “when a firm uses an established brand name to introduce a new product”. This is analogous to approach (2) and (3). Brand extensions are made on an ad hoc basis or according to a strategy to create a range brand (Aaker, 1996) ^[1].

3.2 Benefits

Aaker, D. A. (1996) Keller (2003)^[2] distinguishes two kinds of benefits: (1) benefits that relate to the acceptance of the brand extension, and (2) benefits that relate to the parent brand image. Krishnan, B. C. and Hartline, M. D. (2001) ^[15] also makes a distinction between brand extensions and their benefits from an operational point of view, and proposes that brand extensions that are intended to boost sales should be distinguished from new products that carry brand image and exist to fuel the brand.

3.3 Extension reaction

A principle study in the field of brand extensions is Aaker, D. A., Kumar, V. and Day, G. S. (1998)^[3], Churchill, G. A. Jr. (1979)^[16] study on how consumers evaluate brand extensions. The authors hypothesize that “evaluations of brand extensions are based on the quality of the original brand, the fit between the parent and extension categories and the interaction between the two” Bottomley, P. A. and Doyle, J. R. (1996)^[9]

3.4 Spillover and substitution effects

While Aaker, D. A. (1996) Keller (2003)^[2] and consequent replication studies provide a rationale for leveraging parent brand equity through brand extensions, from which economic profits can be extruded, Balachander and Ghose (2003)^[6] examine the reciprocal effect of brand extensions of the parent brand. This effect or productivity is measured by “brand-choice elasticities”, which measure the increase in choice probability that results from an increase in exposure Cohen, J. B. (1982)^[12].

3.5 Categorical and piecemeal evaluation processes

To understand how consumers evaluate new brand extensions, categorization theory is a useful concept. It aims at identifying the processes by which consumers form categories, and assigns certain objects to one category rather than another Kitchin, T. (2003)^[14], Malhotra, N. K. and Birks, D. F. (2003)^[17] propose that “a category exists whenever two or more distinguishable objects are treated equivalently”. Category and computational evaluation processes are not mutually exclusive in any given affective reaction (Lambert, Z. V. (1972)^[16].

3.5 Brand-specific associations

Michell, P., King, J. and Reast, J. (2001)^[18] Advocates the benefits of an attribute that distinguishes the brand to that of competing brands. This means that a brand can be associated with a salient attributes, but this association is per se not strongly associated with competing brands or the product class as a whole Broniarczyk, S. M. and Alba, J. W. (1994).^[10] Since the brand association varies depending on the benefits that are sought inside a specific product category, a consumer’s evaluation of a brand extension may not be same as its original category to that of evaluated. O’Cass, A. and Grace, D. (2003)^[20].

3.6 Finally it can be concluded that a brand can be leveraged by means of brand extensions. Two types of benefits arise from an extension strategy: (1) an extension is easier accepted among consumers if the parent brand is known; and (2) an extension can increase parent brand awareness and positive attitudes. The success or failure of an extension strategy depends highly on how consumers evaluate the extension. In general, extension acceptance is higher when there is a perceived “fit” between the parent brand and the extension. This fitting can be based on the associations of the extension product category of the, or on the consistency of the extension with the parent “brand concept”. This, in turn, depends on how the evaluation process of the consumer is structured.

4. Hypotheses

4.1 Knowledge about the Parent Brand-

Hypothesis 1: Higher degrees of knowledge about the B2B parent brand are the associated with more favorable attitudes toward the consumer brand extension.

4.2 Attitude towards the Parent Brand –

Hypothesis 2: Higher quality perceptions toward the business-to-business parent brand are associated with more favorable attitudes toward the consumer brand extension.

4.3 Innovation-

Hypothesis 3: Higher perceptions of innovativeness toward the B2B toward the business-to-business parent brand are associated with more favorable attitudes toward the consumer brand extension.

4.4 Corporate Social Responsibility-

Hypothesis 4: Perceptions of corporate social responsibility of the parent business-to-business brand has no effect on the attitude towards the consumer brand extension.

4.5 Environmental Concern-

Hypothesis 5: Perceptions of environmental concern of the parent business-to-business brand has no effect on the attitude towards the consumer brand extension.

4.6 Transfer-

Hypothesis 6: The transfer of a business-to-business parent brand's is improved with product class (of the parent brand and the consumer brand extension) in relation to perceived quality. When the fit is weak, the transfer is inhibited.

4.7 Brand Associations-

Hypothesis 7: the attitude toward the brand extension is positive when the brand associations of the consumer are consistent with the concept of a brand.

4.8 Perceived Difficulty-

Hypothesis 8: the attitude towards the brand extension is positive when the relationship between the difficulty of making the consumer product class to the brand extension.

4.9 Moderating Factors-

Hypothesis 9a: A higher level of perceived parent brand innovativeness weakens the impact of perceived difficulty (to produce an extension) on brand extension evaluation.

Hypothesis 9b: A higher level of perceived parent brand innovativeness strengthens the impact of perceived ease (to produce an extension) on brand extension evaluation.

Hypothesis 10: A higher level of parent brand and perceived category fit strengthens the brand extension to the impact of perceived extension brand associations.

To test the hypothesis a questionnaire was developed, it consisted of various questions on five well-known global B2B brands and 11 hypothetical consumer brand extensions. Out of these five B2B brands, there were distinct service brands with little product features, the other two brands were distinct product brands with minimal service features. All brands were chosen to maximize the spread regarding industry in order to elicit specific associations per brand, to avoid any confounding reactions, only the logos of each brand were presented without any additional information and the brand extensions used were chosen had to be reasonable and not illogical, but aimed to provide with

heterogeneity on the three fit measures of the hypothesis. To achieve this, some extensions were deliberately chosen to be of “lower quality”, thus allowing for a few variance with respect to the perceived quality of the brand extension. 7-point Likert scale was used (1 = poor, 7 = outstanding) to assess the overall quality Quality of each parent brand as well as each brand extension, for Innovative, CSR and Environmental Concern where (1 = not at all, 7= very), for Transfer, Brand Concept Consistency, and Difficult where (1= totally disagree, and 7 = totally agree), for Trial and Knowledge where (1 = not at all, and 7 = very). Several items relevant for each variable were generated to form constructs, the multiple-item scales were evaluated in the pilot-testing of the questionnaire, after which some items were rephrased for clarity and some were omitted for brevity with respect to the final length of the questionnaire, the final set of multiple-item constructs are as follows

TABLE 1

| Multiple-scale items | |
|--|--|
| Innovative | This brand is modern and up-to-date |
| | This brand invests in R&D |
| | This brand introduces the latest product/service features |
| Corporate Social Responsibility | This brand is involved in helping its community |
| | This brand is socially responsible |
| Transfer | The competences of Existing brand are useful to make this extension |
| | The resources of Existing brand are useful to make this extension |
| Brand concept consistency | This brand extension is consistent with the existing brand |
| | This brand extension fits with my associations of the existing brand |
| Difficult | This brand extension will be difficult to make |
| | Existing brand is out to make short-term profits with this brand extension |

The samples were drawn from student populations both online and via regular paper questionnaires, survey types sampled graduate and undergraduate students enrolled at the Faculty of Business Administration in India The online (Internet) questionnaire were sent out to graduate and undergraduate faculty students who were registered as willing to participate in online surveys. A total of 103 students was sampled out of which 66% were sampled via the Internet and 34% sampled by means of regular paper questionnaires. Respondents varied from 19 and 29 years old, 57% were male and 43% were female.

5. Limitations of the study

1. Parent brand equity was measured with a single-item measure which is sometimes subject to criticism due to unreliability and low validity of multiple-item scales.
2. The one-sidedness of the current study as it measures only consumer acceptance of the brand extensions.
3. Only two fit variables were used (Transfer and concept of brand consistency) in which brand concept consistency proved to be a useful the other Transfer proved to be futile.
4. Only five brands were used, all of which were well-known global brands and differences are considered, the attributes unique to each brand and brand concept consistency are not considered in adjusted R².
5. The extent of quality and likelihood of trial by the consumer have been limited wherein the brand extension was presented only as a non-branded generic product without any accompanying text or visual cues.

6. Analysis, Results and Interpretations

The results are of the three types, the first two analyses aims to increase internal consistency and reduce Co linearity, and thus enable a more solid regression analysis and in turn the regression results pave the way for the hypothesis testing. The questionnaire data analysis was done by the SPSS (Statistical Package for the Social Sciences). The reliability of multiple-item constructs were assessed by measuring internal consistency and the problem of multicollinearity was dealt with using the method of residual centering. To test the hypothesized model, multiple regression analyses were used. Prior to performing the regression, reliability analyses were performed on the following constructs: (1) the dependent variable, operationalized by the average of the likelihood of trial in respect to perceived quality of the extension, and (2) variables operationalized through multiple-item scales. Because the two items of the Difficult construct were the same measure but in two different directions, the item that measured “ease” was reversed as necessary step to perform the reliability analysis as well regression analyses. Reliability was assessed by measuring the reliability coefficient, or Cronbach’s alpha, which is defined as the average of all possible split-half coefficients resulting from different ways of splitting the scale items (Cronbach, 1951). This coefficient varies between 0 and 1, where a value of 0.6 or less generally indicates unsatisfactory internal consistency reliability (Malhotra & Birks, 2003).

TABLE 2
Cronbach’s Alpha Coefficients for Multiple-Item Constructs

| | |
|--|------|
| Dependent variable construct | |
| Attitude towards brand extension | 0.74 |
| Independent variable constructs | |
| Innovative | 0.87 |
| Corporate social responsibility | 0.85 |
| Transfer | 0.93 |
| Brand concept consistency | 0.94 |
| Difficult | 0.21 |

6.1 Multicollinearity

TABLE 3
VIF Scores of Regression Variables before and After Residual Centering

| Independent variables | Before Residual Centering | After Residual Centering |
|---|---------------------------|--------------------------|
| Parent brand-specific effects | | |
| Parent brand knowledge | 1.91 | 1.91 |
| Parent brand quality | 2.23 | 2.23 |
| Innovative | 5.80 | 2.32 |
| CSR | 1.97 | 1.97 |
| Environmental concern | 1.95 | 1.95 |
| Brand extension-specific effects | | |
| Transfer | 7.73 | 4.35 |
| Brand concept consistency | 13.54 | 2.89 |
| Difficult | 15.38 | 15.38 |
| Interaction effects | | |
| Innovativeness Difficult* | 18.91 | 13.93* |
| Brand concept consistency Transfer * | 29.71 | 1.13 |

* Formally, the two interaction variables are labeled as “INNOVATIVE DIFFICULT [Residual]” and “TRANSFER BRAND CONCEPT CONSISTENCY [Residual]” after the residual centering has been applied.

Multicollinearity is when two or more independent variables are correlated with each other. When highly correlated independent variables are present in a regression model, the results are confusing and interpretation of estimated variables is difficult (Olsen, B. L. (n.d.)^[21]). The original model and replication studies (Yoo, B., Donthu, N. and Lee, S. (2000)^[25] Zeithaml, V. A. (1988)^[26]) have all noted a presence of multicollinearity between main effects and interaction terms. In the current model, multicollinearity caused by a high correlation between main effects and the interaction term was also present, this was indicated by the Variance Inflation Factors (VIFs) of the independent variables, as shown in table 3.

TABLE 4
VIF Scores of Regression Variables after Omitting Interaction Term Independent variables

| | |
|---|---------|
| Parent brand-specific effects | |
| Parent brand knowledge | 1.96 |
| Parent brand quality | 2.27 |
| Innovative | 2.77 |
| CSR | 1.97 |
| Environmental concern | 1.95 |
| Brand extension-specific effects | |
| Transfer | 2.96 |
| Brand concept consistency | 2.88 |
| Difficult | 1.27 |
| Interaction effects | |
| Innovativeness Difficult [Residual] | Removed |
| Brand concept consistency Transfer [Residual] | 1.14 |

The residual centering technique was applied in the current study, two-stage regression procedure (e.g. Innovativeness Difficult) was regressed on its two component parts using OLS regression and the resulting residuals were then used in place of the respective interaction term when estimating the full effects model using OLS (Thomas, R. L. (1997) ^[24]). Multicollinearity was successfully eliminated for independent variables Innovative and Brand Concept Consistency, and the interaction term Brand Concept Consistency Transfer, whose VIF scores fell below 2.89 or lower after residual centering. For the independent variable Transfer and for the interaction term Innovativeness Difficult, multicollinearity was only partially eliminated (VIF scores remain above four). No multicollinearity could be eliminated for the variable Difficult. Table 5 summarizes the VIF scores of regression variables before and after residual centering. As a consequence of the high VIF scores, the interaction term Innovativeness Difficult was omitted from further analysis, after which multicollinearity was totally eliminated (VIF < 2.89). The variable Difficult was kept in the model, here VIF score after the removal of the interaction term is well below four, and Table 4 shows the results of the action.

TABLE 5
Regression Results: Main and Interaction Effects (residually centered)

| Independent Variables | Full model | | | | |
|---|-----------------------------------|-------------|------------|-------|---------|
| | Predicted Direction of hypotheses | b | Std. Error | Beta | T-value |
| Constant | | -0.20 | 0.18 | | -1.13 |
| Parent brand-specific effects | | | | | |
| H 1: Parent brand knowledge | + | -0.03 | 0.02 | -0.03 | -1.32 |
| H 2: Parent brand quality | + | 0.08** | 0.03 | 0.07 | 2.39 |
| H 3: Innovative | + | 0.15***** | 0.03 | 0.13 | 4.31 |
| H 4: CSR | 0 | 0.18***** | 0.03 | 0.16 | 5.98 |
| H 5: Environmental concern | 0 | 0.06** | 0.03 | 0.05 | 2.11 |
| Brand extension-specific effects | | | | | |
| H 6: Transfer | + | 0.26***** | 0.03 | 0.27 | 8.41 |
| H7:Brand concept consistency | + | 0.37***** | 0.03 | 0.42 | 13.33 |
| H 8: Difficult | + | -0.06*** | 0.02 | 0.06 | -3.03 |
| Interaction effects | | | | | |
| H 9: Innovativeness Difficult | -/+ | Omitted | | | |
| H 10: Transfer Brand concept | + | -0.02 | 0.01 | 0.03 | -1.50 |
| Control variables | | | | | |
| Service brand | | -0.05 | 0.07 | 0.02 | -0.75 |
| R ² | | 0.62 | | | |
| Adjusted R ² | | 0.61 | | | |
| Sample size n | | 1133 | | | |

****p<.000; ***p<.01; **p<.05; *p<.10

Out of a total sample size of 1,133, the data from the 103 respondents was formally tested by means of linear regression where the hypothesized model was considered after residual centering and omitting one interaction term. The regression model significance as a whole was tested automatically by the SPSS software, the computed F statistic equals 180.77, which is significant at $p=0.000$. Theoretically, this indicates that one or more regression coefficients have a value different from zero (Thomas, 1997), i.e. at least one variable is relevant. The “closeness of fit” of the regression model is determined by its R^2 wherein it captures the percentage deviation from the mean in the dependent variables that could be explained by the model. It is always possible to increase R^2 by adding extra explanatory variables, regardless of the true significance of these. A fairer measure of closeness of fit is adjusted R^2 , i.e., adjusted for degrees of freedom (ibid.). The adjusted R^2 for the current model is 0.62. This compares favorably with the original model and replications studies and the regression model was also tested for each brand as well as for services and products, the adjusted R^2 values of these tests are shown in table 7.

TABLE 6
Parent brand-specific effects
Full Model at Brand Level (residually centered, t-values in parentheses)

| Product/ Service brand | Parent brand Knowledge | Parent brand quality | Innovative | CSR | Environmental concern |
|------------------------------|------------------------------|----------------------------|-------------------|---------------------|--------------------------|
| S | 0.09 (1.33) | -0.07 (0.92) | 0.07 (1.04) | 0.21*** (2.71) | 0.06 (0.74) |
| S | -0.11** (-2.07) | 0.10* (1.78) | 0.18*** (2.81) | 0.15*** (3.01) | 0.09 (1.62) |
| S | 0.06 (0.97) | 0.07 (0.77) | 0.08 (0.96) | 0.38***** (4.96) | 0.11 (-1.33) |
| P | -0.01 (-0.23) | 0.15*** (2.27) | 0.11 (1.63) | 0.16*** (2.51) | 0.02 (0.28) |
| P | 0.05 (1.05) | 0.03 (0.47) | 0.02 (0.37) | 0.15***** (2.75) | 0.11*** (1.99) |
| S | -0.06 (-1.60) | 0.05 (1.17) | 0.06* (1.78) | 0.14***** (4.03) | 0.18***** (5.00) |
| P | 0.00 (-0.04) | 0.08** (1.98) | 0.06 (1.56) | 0.08* (1.75) | 0.13*** (3.21) |

TABLE 7
Brand extension-specific effects Interaction effects
Full Model at Brand Level (residually centered, t-values in parentheses)

| Product / Service Brand | Transfer | Brand concept consistency | Difficult | Innovativeness difficulty | Transfer brand concept consistency | Size n | Adjusted R ² |
|-------------------------|------------------------|---------------------------|------------------------------|---------------------------|------------------------------------|--------|-------------------------|
| S | 0.20** (2.42) | 0.35**** (4.37) | -0.08 (-1.47) | Omitted | 0.03 (0.50) | 206 | 0.51 |
| S | 0.24*** * (3.57) | 0.34**** (4.95) | - 0.15*** (-3.15) | Omitted | 0.00 (-0.05) | 206 | 0.63 |
| S | 0.28*** (3.52) | 0.29**** (4.02) | -0.07 (-1.55) | Omitted | -0.02 (-0.34) | 206 | 0.60 |
| P | 0.36*** * (4.00) | 0.25*** (2.85) | -0.05 (-0.89) | Omitted | -0.01 (-0.16) | 206 | 0.57 |
| P | 0.17*** * (3.28) | 0.48**** (8.59) | -0.01 (-0.29) | Omitted | -0.13**** (-3.07) | 309 | 0.62 |
| S | 0.26*** * (5.71) | 0.34**** (8.32) | - 0.10*** * (-3.58) | Omitted | 0.01 (0.20) | 618 | 0.58 |
| P | 0.26*** * (5.69) | 0.45**** (9.83) | -0.03 (-0.85) | Omitted | -0.06** (-2.04) | 515 | 0.64 |

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TABLE 8
Extension Level Means

| Brand extension | Attitude toward brand extension | Parent Brand Knowledge | Parent brand quality | Innovative | Environmental Concern | CSR | Transfer | Difficulty | Brand concept Consistency |
|--------------------|---------------------------------|------------------------|----------------------|------------|-----------------------|------|----------|------------|---------------------------|
| P | 5.08 | 5.58 | 5.67 | 6.22 | 3.62 | 3.90 | 5.57 | 2.85 | 5.31 |
| S | 5.02 | 4.21 | 5.31 | 4.55 | 3.45 | 3.89 | 5.49 | 3.26 | 5.28 |
| P | 4.82 | 5.58 | 5.67 | 6.22 | 3.62 | 3.90 | 5.00 | 3.33 | 4.41 |
| S | 4.68 | 4.21 | 5.31 | 4.55 | 3.45 | 3.89 | 5.40 | 3.33 | 5.00 |
| S | 4.61 | 4.99 | 5.17 | 4.61 | 3.31 | 3.81 | 5.40 | 3.12 | 5.15 |
| S | 4.30 | 5.27 | 5.55 | 5.46 | 3.62 | 4.01 | 4.83 | 3.62 | 4.42 |
| S | 4.24 | 2.69 | 4.55 | 4.38 | 3.52 | 3.73 | 4.67 | 3.77 | 4.40 |
| S | 4.22 | 2.69 | 4.55 | 4.38 | 3.52 | 3.73 | 4.50 | 3.84 | 4.36 |
| S | 4.06 | 4.99 | 5.17 | 4.61 | 3.31 | 3.81 | 5.16 | 3.89 | 4.44 |
| P | 4.06 | 5.27 | 5.55 | 5.46 | 3.62 | 4.01 | 3.53 | 3.50 | 3.56 |
| P | 3.16 | 5.27 | 5.55 | 5.46 | 3.62 | 4.01 | 2.95 | 4.06 | 2.40 |
| Average | 4.39 | 4.61 | 5.28 | 5.08 | 3.52 | 3.88 | 4.77 | 3.51 | 4.43 |
| Standard deviation | 0.55 | 1.06 | 0.40 | 0.71 | 0.12 | 0.11 | 0.84 | 0.37 | 0.85 |

7. Hypothesis Testing

7.1 H 1: Parent brand knowledge

The beta coefficient for the variable Knowledge is not significant at any level ($P > 0.1$), thus the first hypothesis has to be rejected as the hypothesis at a 0.05 significance level, for which it would be accepted it at $P < 0.05$. The Knowledge variable also is insignificant

on a brand level, except for cases like Knowledge coefficient is both significant ($P < 0.05$) and substantial (-0.11). It is noteworthy, however, that the coefficient has a negative sign as opposed to the predicted direction of the first hypothesis (Table 7). Cognitive processing is necessary in order to access the extension which is in line with the proposed concept similar knowledge about the parent brand had no significant effect on the dependent variable due to the fact that brand familiarity is insufficient for evaluating brand extensions. As the Knowledge beta coefficient was negative -0.11 (Table 8) on a brand level for the brand, a possible explanation for this may be that the sample population (i.e. Business students) in part possess so much knowledge about brands that they feel that the brand extensions would be unrealistic.

7.2 H 2: Parent brand quality

The beta coefficient for the variable Quality is significant ($P < 0.05$), the effect of Quality is relatively weak (0.07) compared to the original and replication studies, the second hypothesis is henceforth accepted at $P=0.05$. At a brand level, Quality is significant at $P<0.01$ for second brand, the coefficients for these brands are 0.10 and 0.15, respectively (Table 7). The beta coefficient for the quality variable of the present study is considerably lower than expected as the parent brand quality plays a role in evaluating the brand extension 0.07 (Table 8) as the perceived quality of a B2B brand has a less spillover effect than a B2C brand, ceteris paribus as brand equity in the context of B2B brands judged by the consumers is considered rather than brand quality.

7.3 H 3: Innovative

The beta coefficient for the variable INNOVATIVE is significant at $P<0.000$ with a moderate effect (0.13). The third hypothesis is therefore accepted, the beta coefficient is 0.18 ($P<0.01$) and $P=0.00$. Parent brand innovativeness has a positive effect (0.13) on brand extension evaluation. For B2B brands in the case of consumer brand extensions the above mentioned prediction holds well and for brand innovativeness much research was not done comparatively to consumer innovativeness. The results show a positive towards the predictor innovativeness than parent brand quality this may be due to two reasons (1) Innovativeness may be a salient attribute of brand quality, at least partially i.e. there is an interaction effect between quality and innovativeness and (2) the quality of B2B may be too abstract for consumers to evaluate, while innovativeness can be more easily judged.

7.4 H 4: Corporate Social Responsibility

The beta coefficient for the variable CORPORATE SOCIAL RESPONSIBILITY (CSR) is significant at $P<0.00$, with a value of 0.18. Since the CSR effect was hypothesized to be zero, the fourth hypothesis is rejected as $P<0.01$. The CSR beta coefficients for brands are inline with the aggregate beta. Contrary to expectations, parent brand had a positive effect (0.16) in respect to corporate social responsibility in extension evaluation. On a brand level, the beta for CSR was consistently high on corporate social responsibility, there is a noteworthy difference in the importance of CSR when comparing service and product brands as the beta coefficient for CSR is higher for service brands (0.14) and (0.08) for product brands this is due to the high degree of perceived CSR and codes of conduct that consumers values CSR significantly than industrial buyers.

7.5 H 5: Environmental concern

The beta coefficient for ENVIRONMENTAL CONCERN is significant at $P < 0.05$, although its effect is rather unsubstantial (0.05), as $P < 0.05$ the fifth hypothesis is rejected, Environmental concern (0.05), has a small but significant effect on extension evaluation. A higher beta coefficient difference is seen between services and products as service brand is higher. This is remarkable since services have no “production processes” that impact the environment. The effect of environmental concern was hypothesized to be zero, but turned out to be positive. This fact alongside the positive effect of corporate social responsibility indicates that consumers to a certain extent take ethical considerations when evaluating parent brands.

7.6 H 6: Transfer

The beta coefficient for the variable TRANSFER is significant ($P < 0.00$) and highly substantial (0.27). Thus, the sixth hypothesis is accepted, the effect of TRANSFER is in line with findings from previous replication studies. At a brand level, TRANSFER is significant for all of the five brands tested at $P < 0.05$, although their effect varies between 0.20 and 0.36. Transfer (0.27) is significant and its effect is substantial which is a first fit variable due to the higher beta for the brand extension. The beta coefficients are the same (0.26) for product and service brands, implying that consumers do not distinguish between skills and resources in making services or goods respectively.

7.7 H 7: Brand concept consistency

The beta coefficient for the variable BRAND CONCEPT CONSISTENCY is significant ($P < 0.00$) and highly substantial, the beta equals 0.42, thus, the seventh hypothesis is accepted. BRAND CONCEPT CONSISTENCY is also relevant for all brands at a 0.01 significance level. Brand concept consistency is the second fit variable, with the most explanatory power (0.42) in the model this was introduced for the first time it has proven to be a highly relevant as it is used in the original and replication studies that there were no interaction effects between the two fit variables. Brand concept consistency is also highly relevant on a brand a likely explanation might be the interaction effect between transfer and brand concept consistency. There is also an observable difference in beta coefficient weight between service and product brands and brand concept consistency has a higher beta for products (0.45) than services (0.34). A reason for this may be the intangible nature of services, which makes it more difficult to evaluate their respective brand concepts when no consumer service offering exists.

7.8 H 8: Difficult

The beta coefficient for the variable DIFFICULT is significant at $P < 0.05$, however, the coefficient indicates a negative effect (-0.06), which is contradictory to the direction of the fifth hypothesis, therefore the eighth hypothesis is not accepted, the beta coefficient is significant ($P < 0.01$) as it is too negative -0.15 (beta value) based on this a hypothesis is made on the relationship between extension attitude and perceived difficulty. Although the variable Difficult was significant, the hypothesis was rejected because of sign reversal, i.e. the beta coefficient turned out to be negative (-0.06). This might indicate that some brand extensions were perceived to be too difficult to make and that this leads to negative extension evaluation. This might be an important distinction in comparison to “traditional” brand extensions that operate in the same market etc. In other words, the more

difficult an extension is to produce, the higher will be the evaluation, except in cases when the extension is a service and the parent brand is a product brand, or as concluded in the current study –when the extension is a consumer product/service and the parent brand is a business-to-business brand. This suggests that there is an invisible “barrier” that brands face when extending brands to unrelated markets.

7.9 H 9: Interaction effect between Transfer and Brand concept consistency

The moderator variable TRANSFER x BRAND CONCEPT CONSISTENCY [Residual] shows no significance ($P > 0.10$), therefore the tenth hypothesis is rejected. On a brand level, the moderator variable shows no significance for which the beta coefficient is negative (-0.13) at $P < 0.000$. The first hypothesized among innovativeness and difficult was omitted because of multicollinearity, hence this effect cannot be measured. The second hypothesized interaction effect between Transfer and Brand concept consistency was insignificant on an aggregate level, the beta coefficient for this interaction effect was negative in this case -0.13, implying that no synergy effect is achieved (i.e. Extension evaluation does not increase even though the brand concept consistency is perceived to be high when there is no category fit). A reasonable explanation for this is that the brand extensions were perceived to be of low quality. The beta coefficient of the second interaction effect was also significant for product brands, although its direction was in the opposite of the hypothesis.

TABLE 9
Summary of Hypothesis Testing

| Hypothesis | | Aggregate Level Results | Brand level results |
|---|---------------------------|-------------------------|---|
| Parent brand-specific effects | | | |
| H1 | Parent brand knowledge | Rejected | Accepted for one service brand only |
| H2 | Parent brand quality | Accepted | Accepted for one service and one product brand only |
| H3 | Innovative | Accepted | Accepted for one service brand only |
| H4 | CSR | Rejected | Rejected for all brands |
| H5 | Environmental concern | Rejected | Rejected for product Brand only |
| Brand extension-specific effects | | | |
| H6 | Transfer | Accepted | Accepted for all brands |
| H7 | Brand concept consistency | Accepted | Accepted for all brands |
| H8 | Difficult | Rejected | Rejected for all brands |
| Interaction effects | | | |
| H9 | Innovativeness Difficult | N /A | N /A |
| H10 | Transfer Brand concept | Rejected | Accepted for Boeing brand only |

8. The Current Model

The present model shows a remarkably high adjusted R² (0.61). This is an improvement from previous studies, although it is unfair as direct comparison is unfair since different variables were used in the regression analysis of the present model. This

seems like a plausible clarification in the case of consumer brand extensions of business brands: consumers are able to “make sense” out of these types of extensions. The adjusted R² values of 0.64 and 0.58 for product and services are having a better fit and by far they have large effects on extension attitude particularly transfer and brand concept consistency which is in relation to the previous studies. Parent brand quality has, compared to previous studies, surprisingly little effect on the dependent variable. Variables corresponding to study on the corporate brand extension play, contrary to expectations, a significant part in explaining extension evaluation.

9. Implications of the Study

The present study had proven that the original model can be contextually be adopted as variables of corporate brand extension can be chosen by replacing irrelevant variables but to extend B2B brand to the consumer market or not remains a predominantly a managerial issue. In the current context brand extension strategies fit would be most successful as this is determined by the extent to which consumers perceive that the skills and resources of a company are useful in making the extension consistent with the brand concept to that of the parent brand, therefore examining the parent brand itself, and what it stands either for quality or lesser role in brand extension acceptance should be considered by the consumers in assessing brand equity.

Corporate brand attributes such as corporate social responsibility (CSR) is highly important and can be achieved by sponsoring local communities through various activities and programs, especially for service companies. It is, however, unclear whether CSR is a fashion or whether it will continue further, however, a B2B company must be aware of the difference in ethical values among consumers and industrial buyers. A company should strive to build an innovative reputation and from a philosophy of constantly launching advanced products or services which facilitates brand extension acceptance as innovative.

10. Conclusions

The present study provided evidence that in B2B brand extensions consumers use the transferability of skills and resources and brand concept consistent with the parent brand category as a major source to evaluate extensions and the present study had shown a dimension to extend B2B brands into the consumer markets. Corporate branding attributes like innovativeness and CSR plays a major role the goodness of fit of the present model is higher for product brands than services therefore abstract factors facilitate extension acceptance beyond the limitations of product-related similarity.

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