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The Impact of Product Line Extension on Parent Brand Image: Case of Unilever Hyderabad Pakistan



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Abstract

The main purpose of this paper is to explore the impact of brand extension on the brand image of the company. This was divided into three objectives, evaluating the impact after extension of the parent brand change in customer attitude, assessing the effect of perceived quality on the parent brand after extension, and to determine brand dilution effect on the parent brand after extension. This study is based on 4 variables three are independent variables (customer attitude, perceived quality, brand dilution) and one is dependent variable which is (brand image). Here customer attitude is defined as intellectual awareness of customers about new products and brand extensions, perceived quality is defined as perception of customer about overall quality of a product or service, and brand dilution is when a firm loses its brand association with a new market segment, product area, quality or price. The dependent variable brand image is defined as bundle of associations customers have of a brand. This study includes systematic literature review from different scholars with an empirical analysis of data drawn from users of Unilever products from Hyderabad region. The target population of the study was 220 respondents. Data is collected from respondents through self-administered questionnaires. Sampling technique is purposive sampling which is a non-probability sample. Data analysis was done through reliability test and regression, ANOVA was used and correlation as well used to measure our result.

Keywords: Brand Image, Brand Extension, Perceived Quality, Customer Attitude, Dilution Effect.

INTRODUCTION

Keller et al., (2014) defines brand extension as use of an established brand name to introduce new products or services. The product line extension is defined as when a company creates a new product in an existing brand's same product line. The extension approach may be different in color or size, with different ingredients or different flavors. The use of brand extension techniques has been a topic of interest in both educational and business circles. Companies are constantly searching for ways to boost prospects when growing their brands. With so many options a parent product has a range of factors that need to be weighed when making decisions regarding brand extension. CBI is a concept that captures a very close relationship between brands and consumers. Stokburger Sauer et al., (2012) suggested that CBI should address the issue of "who am I" and define it as a feeling of unity between a consumer and a brand. The brands in today's era are not only measured by their competitive



advantage over their competitors but also the opportunity which is available for the brand in future market. Brand extension is a marketing strategy used a company that already has a recognized identity on the market will use the same brand name to sell a different category of products. By using the new product category linked to the existing brand name, the market penetration of the new product can be made easy. Since the consumer is already aware of the existing products linked to the label, the new product can reach the consumers more quickly. The established product that produces a brand extension is referred to as the parent brand. Brand extension strategy is beneficial because it reduces the cost of introducing new products and increases the likelihood of a new product. Brand extension poses a contradictory challenge for managers interested in expanding their market and increasing their efficiency (Viot, 2011). More than 80% of the brand extension does not achieve business and financial goals (Ashraf & Merunka, 2013).

The introduction of new products have always been a strategy for firms who seek growth, this strategy comes up with risk one of which is an unreceptive market. Brand managers use the existing brand name of the company's product to increase the likelihood of consumers and retailers accepting their products and to reduce promotion cost. Firms now are reverted back to brand extension because of its numerous advantages namely high acceptability, low cost of promotion, and comparatively less chance of failure as with new product launch. In a developing country like Pakistan brand extension is a very good strategy for multinational companies and very convenient. Most of the multinational companies came from developed Countries so their brand have a strong and positive country of origin, previous track records of these MNCs are also satisfactory in case of consumer perception, this as a result lowers the cost of awareness of brand because these brands already have strong media and market presence. Previously researches have been done on brand extensions but this study is specifically focuses on impact of brand extension on the image of Unilever which focuses on three different areas customer attitude towards extension, impact of perceived quality on extension and is there any brand dilution effect after brand extension, also previous studies was too specific like it focuses on only 2 or 3 products their extension and their impact but this study focuses on all product categories of Unilever, and also previous studies was done on general ground in which research on brand extension in Pakistan was carried out but this study focuses on Unilever only and in the region of Hyderabad. The main objectives of this study are:

1. To identify the impact of customer attitude on brand image.
2. To analyze the effect of perceived quality on brand image.
3. To determine the impact of dilution effect on brand image.

LITERATURE REVIEW

BRAND IMAGE

Zhang, (2015) describe that "Brand image has been studied widely since the 20th century due to its importance in building brand equity. In the increasingly more competitive world marketplace, companies need to have a deeper insight into consumer behavior and educate consumers about the brand in order to develop effective marketing strategies.



Similarly, perceived image of a brand is an antecedent of its reputation among its users (Irfan et al., 2020). In the following paragraph we will discuss the relationship between consumers cognition of brand image and consumer behavior”.

This study defines brand image as if the symbol of a brand bring recognition to its customers and when they think of an FMCG industry they think of that company or not. Moreover a brand gives good social image to its consumers or not.

CUSTOMER ATTITUDE

Customer attitude and purchase attention have a parallel relation in consumer studies (Ting & De Run, 2015). Similarly a favorable attitude towards a product endorsed by an influencer on social media will impact high chances of purchase intention. Research on the worth of shopper perspective and satisfaction has primarily centered on the vital dimensions of shopper perspective and its measurement (Anderson et al., 2004). Customer perspective from social media and firm value thirty eighth international conference on information systems, South Korea in 2017 general, customer attitude towards the company can be measured in terms of volume and valence of the content that customers generate (Facebook posts and comments, blogs or tweets) and their association with the content which is created by the firm (i.e. liking). High volume of client created content on the organization may show that the current and potential purchasers of the firm are exceptionally included and focused on the Brand/item. Research has demonstrated that people who effectively take part in a network are more likely to be part of offline as well as online communities. Previously (Kiatkawsin & Han, 2017) have long focused on thinking about attitudes in the discipline of consumer behavior and warned that it is a vital issue in the prediction of individual choices or behaviors. Furthermore, Alavinasab et al., (2017) shares that “We may articulate that the attitude of consumers towards extended product that today companies are able to promote their brand images that are leading and creative in consumers attitudes towards the extended product”. This study defines customer attitude in terms of preference of products, superiority of a brand over other brands, confidence in a specific brand and price satisfaction towards a brand; and develops the first hypothesis,

H1: Customer Attitudes has a significant Impact on product brand image

PERCEIVED QUALITY

Seyedin (2014) “Perceived quality is significant because it impacts financial performance of a firm and also one of the factors that influence strategic position of many corporations, hence it is of great significance”. Aziz et al., (2012) defined perceived quality as “An intangible, overall feeling about a particular brand”. “High perceived quality increases the effectiveness of advertising programs and leads to buy decisions, by positioning a brand on perceived quality dimensions, gives firms an opportunity to charge premium prices, influences a channel member interest in a positive way and offers a probability to introduce brand extensions”.

However, this study defines perceived quality as offering of a quality product and either that product displays a look that defines it as quality product. Moreover a brand appeals to its customers or nor and do a brand



delivers the same thing which they promise with their customer.

Furthermore, (Alavinasab et al., 2017) shares that “Brand Image has an important and positive impact on the perceived quality of the brand's initial products. Thus it was confirmed. As predicted, the perceived match between extended product and other products of the same name increase due to a more favorable initial brand image; because customers view initial brand image with an appreciation of its benefits when assessing extended goods”. Alhaddad, (2015) states that “As well as brand loyalty, brand image has significant positive effects on consumer confidence. Ultimately, it is found that brand trust has a significant positive influence on brand loyalty. It is noted that perceived quality has a greater impact on brand loyalty compared to both dimensions, brand image and brand confidence”. Roy et al., (2014) mentions that “The quality perceived by the customer in relation to the original brand, the familiarity of the customer with the parent brand and the attitude of the customer towards this brand can make a positive contribution to the final brand image after extension, whether it is the general brand or the product image. Fitting between the original and expanded product category may also support the general image of the company after extension, but not the identity of the product”. Therefore, the second hypothesis of this study is,

H2: Perceived quality has a significant Impact on product brand image

DILLUTION EFFECT

Roy et al., (2014) mentions that the extension of a brand is harmful for the overall image of the brand and it has diluting impact on brand's interaction in the customer's mind. The findings also showed that customer's interest in the original product category after extension can be negatively affected, suggesting that the extension's diluting effect applies not only to the expanded brand but also to its entire category. It is obvious that an unsuccessful brand extension of a single brand could not effect a whole category individually, especially when dealing with a category. However it is necessary to know the action of brand extensions in the decadent categories. This unsuccessful extension, for example may be harmful to potential launches in this group, but more research on the topic should be carried out on samples reflecting the interest population.).This study defines brand dilution as customers are aware of a particular brand and they are willing to buy similar products of that brand, also do the products of a particular brand has remained same over time and what image is perceived by the customers of a particular brand; and develops the third hypothesis as,

H3: Brand extension will have a diluting Impact on the brand image.

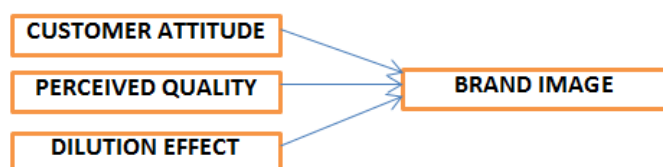


Fig. 1: Research Model

METHODOLOGY

RESEARCH DESIGN

This is the quantitative research where structured questionnaire based on the study was constructed. The target population was users of Unilever products, data was collected from both male and female age group which comprise majority between 20 – 40 years. The unit of analysis was frequent users of Unilever products because they are more aware of the company and the brands they produce.

Kombo and Trump (2006) observed that a sampling frame provided a means to choose members from the target population to participate in the study. The sample size comprise of 220 individuals both male and female, all the respondents who filled the questionnaire are from different location of Hyderabad region. For the process of sample selection Purposive sampling is used which is a non-probability sample. Ritchie et al., (2003) defines purposive sampling as “a strategy where members of a sample are chosen with a purpose to represent a location or type in relation to the criterion”. There would be equal participation of every respondent in this research. According to thumbs rule we should have 160 respondents but to get more appropriate and accurate results total 220 respondents were selected.

Data was collected from primary source. The primary data was composed through self-administered questionnaires. This method of data collection ensured increased response rate, clarification of questions and also ensured confidentiality of respondents. A questionnaire with close ended questions was used in the study. The questionnaire was adapted from (Nzisa, 2016), the questionnaire consists of two parts, first part comprises of demographical information of the respondent such as their gender, age, and whether they use or does not use Unilever products. Second part of the questionnaire comprise of four variables of our study that is customer attitude, perceived quality, brand dilution and brand image and each of the variable consist of 4 questions and respondents are asked to respond to these statements through Likert scale (strongly disagree, disagree, neutral, agree, strongly agree). In total there were 16 questions of all four variables.

DATA ANALYSIS

Out of 220 questionnaires administered 220 were filled and returned coming about to 100% response rate. Mugenda and Mugenda 2003 demonstrated that surveys have a reaction pace of about 70% and that reaction pace of half is satisfactory for examination 70 % being awesome. Consequently 100% reaction ratio was excellent to utilize. The male respondents were represented more (52.73%) and female with 47.27% this indicates that there were more male respondents as compared to the female respondents. Regarding the age, majority was youthful since 63.64% aged between 20-30 years while 5.45% aged between 31-40 years, 30.91% aged less than 20 years.

RELIABILITY TEST

Cronbach's Alpha value is .712 for Customer Attitude which means the internal Consistency intention is great. Perceived Quality Cronbach's Alpha Value is .672 which means internal consistency is acceptable. Whereas Cronbach's Alpha value for Dilution Effect is .610 and for Brand Image it is .645 which is Good internal Consistency.



Cronbach's Alpha value of total scale is .840 that is why our research is rated as Excellent. The minimum acceptable criteria for reliability are 0.6 (Hair et al,2010).

TABLE 1: Reliability Statistics

Variables	Cronbach's Alpha	No. of Items
Customer Attitude	.712	4
Perceived Quality	.672	4
Dilution Effect	.610	4
Brand Image	.645	4
Total	.840	16

CORRELATION TEST

Correlation coefficient is a measure of relationship which is denoted by 'r'. It shows the relationship between variables whether they have a positive, negative or no relationship at all. These results of correlation testing shows, that all independent variables (Customer attitude, Perceived Quality, Dilution Effect) has positive relationship with dependent variable Brand image. Dilution Effect has the highest positive strong relationship of .479. Customer Attitude has .457 which is also positive relationship. While the Perceived Quality has the lowest significant correlation value .444.

TABLE 2: Correlations

		Customer Attitude	Perceived Quality	Dilution Effect	Brand Image
Brand Image	Pearson Correlation	.457**	.444**	.479**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	220	220	220	220

** . Correlation is significant at the 0.01 level (2-tailed).

TABLE 3: Model Summary

Model	Adjusted R Square (R^2)	Sig. F Change
	.336	.000

Predictors: (Constant), Dilution Effect, Customer Attitude, Perceived Quality

R-Squared (R^2) is a statically measure portraying the proportion of variance in a dependent variable that is explained in a regression model by an independent variable. The model considers to be fit if value is above 0.2 in social sciences (Hu & Bentler, 1999). Therefore, for this study R-Square = 0.336 is suitable Table-3.

TABLE 4: ANOVA

TABLE 4. ANOVA	
Regression	Sig.
Customer Attitude	.000 ^b
Perceived Quality	
Dilution Effect	
a. Dependent Variable: BrandImage	
b. Predictors: (Constant), Dilution Effect, Customer Attitude, PerceivedQuality	

TABLE 5: Coefficients

Variables	Beta	Sig.
Customer Attitude	.224	.002
Perceived Quality	.183	.010
Dilution Effect	.317	.000
Dependent Variable: Brand Image		

Table 5 indicates two major values, beta and p-value. The beta value typically defines the relationship between dependent variable and independent variables, while p-value shows the significance point. The positive beta values in Table-5 mentions that variables Customer Attitude, Perceived Quality, and Dilution Effect have a positive relationship with Brand Image. Whereas, p-values in Table-5 customer Attitude = 0.002, Perceived Quality = 0.10, and Dilution Effect = 0.000; all are less than 0.5. This reveals that all hypotheses are accepted.

CONCLUSION

Some scholars have hailed NPM as a new paradigm, a reform tool for public sector effectiveness (Osborne and Gaebler 1992; Borins 1994; Hughes 1998; Islam, 2015) as NPM challenged the classical public administration as too cumbersome, bureaucratic, inefficient, unresponsive and unproductive. Public sector failed to meet the present-day demands of their citizens—as citizens expect government to produce results (Behn, 1998). As a reform mechanism, NPM emerged as a response to these inefficiencies coupled with poor social welfare in 1970s. NPM reform have registered some success stories in UK, New Zealand, Australia, USA, Canada and some OECD countries. As a normative concept that provides services that citizen value coupled with increased autonomy of public managers to enhance efficiency in the public sector could be the reasons for its success.

The study opined and argued that NPM has divergent and often competing dimensions. Therefore, this study challenged conventional wisdom that NPM emerged from ‘only’ public choice theory and managerialism. From the wider literature, this paper argued that NPM emerged from a variety of theoretical underpinning and therefore, only limiting NPM to managerialism and public choice theory is incomprehensive. This finding corroborates with Gruening (2001) who argued that NPM reforms were influenced by several ideas and theoretical perspectives—i.e. managerialism, public choice theory, management theory, classical public administration, neoclassical public administration, policy analysis, principal-agent theory, property-rights theory etc. From these, we can deduce that NPM is a mixture of values that aimed to solve administrative challenges.

Arguably, it may be fair to called this period an era of post-new public management period. NPM like previous administrative paradigms faced common inadequacies. First, continuous repetition of basic administrative problem—i.e. one best way orientation. Secondly, unclear literature with regards to the application of the public sector. From all indications post-new public management is not a major reform like NPM, but an effort to accurate some of its unplanned consequences through *recentralization and re-regulation*.

As a buzzword, public value catches the attentions of scholars and practitioners alike. The study argued that NPM and public value complement each other for efficiency in the public sector. Both recognized the vital role played by



public manager in achieving the desired outcomes. As value creation is a top priority for public sector managers just like private sector managers do. Public managers acknowledged the holistic and pragmatic approaches to deliver services that citizens value most. Public value offers not only a yardstick for government performance but also guide well informed policy decisions. The potential benefit of public value is that it develops as a tactic that is rooted in every day practice.

Much of the literature on public value is normative and this study therefore recommends for more empirical research on public value application and value creation in the public sector. The study further recommends for future research on power and heterogeneity in relation to public value management.

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