

**CONSUMERS' PERCEPTIONS WHEN EVALUATING BRAND
EXTENSIONS IN RELATION TO THE ORIGINAL BRAND**

By

Chuma Diniso

**A mini-thesis submitted in partial fulfilment of the requirements for the
Degree of:**



**School of Business and Finance
Faculty of Economic and Management Sciences
University of the Western Cape**

Supervisor: Dr. Christopher May

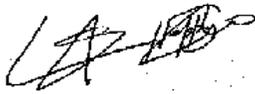
Co-supervisor: Ms. Helen Inseng Duh

14 November 2008

DECLARATION

I, the undersigned, hereby declare that the work contained in this study titled: *Consumers' perceptions when evaluating brand extensions in relation to the original brand* submitted for examination at the University of the Western Cape is my own work. All the sources I have used or quoted have been acknowledged and referenced.

I further declare that the opinions expressed and conclusions reached are my own and are not to be regarded as representing the views of any other person or institution.



.....
Chuma Diniso
14 November 2008



ACKNOWLEDGEMENTS

I would like to express my gratitude to the following people for their valuable contribution and support throughout the completion of this study:

I am indebted to sincerely thank the Lord, Almighty for giving me the strength and wisdom to pursue not only this study but also other academic studies I have pursued over the years. Without his guidance and presence, I would not have been able to carry out this task successfully.

A special and sincere thanks go to Dr. Christopher May and Ms. Helen Inseng Duh for their continuous support through the supervision of this study. Their professional guidance, insight and thoughtful comments have contributed towards bringing this work into existence.

I would like to thank Prof. Richard Madsen, Mr. Godfrey Swano, Ms. Yang Li, Ms. Nontembeko Dudeni, and Mr. Manelisi Memani for their assistance in collecting and analysing the data.

A special thanks to all my friends for their support and encouragement throughout the duration of my studies.

I feel a deep sense of gratitude to my mother, Winiswa Diniso who formed part of my vision and taught me the good things that really matter in life. My heartfelt thanks to my brothers Lazola, Andisiwe, Lutho and sister, Luhle. Most important, this is dedicated to my grandmother, Nombulelo Diniso for playing an important role in my upbringing.

Last but not least, I wish to thank all my classmates at the University of the Western Cape for the thought provoking interactions inside and outside lecture halls.

ABSTRACT

A brand extension strategy is one of the marketing tools that firms utilise to introduce new products in the market. One of the advantages of adopting this strategy is that firms are able to leverage on the positive image, reputation, and equity of a recognised and established brand, thereby reducing risk associated with launching new products.

This study examines how consumers perceive the overall quality and similarity/fit of the brand extensions (Nike camera, Nike socks, and Nike golf balls) in relation to the original brand (Nike athletic shoes) and how these perceptions influence their attitudes towards the extensions. The researcher proposes that the perceived overall quality of the brand extensions will be congruent to that of the original brand and that the attitude towards the brand extensions will be favourable only when there is a perceived similarity/fit between the brand extensions and the original brand.

In order to get these insights, the study surveyed 147 undergraduate and postgraduate students from the University of the Western Cape across all faculties. A non-probability convenience sampling method was used to access respondents. To collect data, qualitative and quantitative methods were employed using a questionnaire which consisted of open-ended and closed-ended questions in the form of free associations technique and 5-point Likert scales. The data gathered was analysed by means of descriptive statistics and Spearman correlation coefficient.

The findings indicate two things. (1) respondents only perceived Nike socks' overall quality to be congruent to the original brand, Nike athletic shoes. (2) respondents only perceived Nike socks to be strongly similar to the original brand, Nike athletic shoes. Despite this, respondents had a favourable attitude towards all the brand extensions irrespective of whether they perceived

the overall quality of the extensions to be congruent to the original brand or not, and whether they perceived the extensions to be similar to the original brand or not. These factors did not influence respondents' attitudes towards the extensions negatively.



KEY WORDS

Brand extension

Brand equity

Brand loyalty

Brand image

Brand associations

Consumers

Product and non-product related attributes

Perceived quality

Similarity/fit

Brand attitudes



TABLE OF CONTENTS

DECLARATION
ACKNOWLEDGEMENTS

Page

i

ii

v

ABSTRACT	iii
KEY WORDS	v
LIST OF TABLES	xiii
FIGURE	xiv
CHAPTER 1: INTRODUCTION AND STRUCTURE OF THE STUDY	1
1.1 INTRODUCTION	1
1.2 BACKGROUND AND THE CONTEXT OF THE RESEARCH	2
1.3 DEFINITION OF TERMS	6
1.4 STATEMENT OF THE RESEARCH PROBLEM	8
1.5 AIM OF THE RESEARCH STUDY	9
1.6 HYPOTHESES	11
1.7 SIGNIFICANCE OF THE RESEARCH STUDY	11
1.8 LIMITATION OF THE RESEARCH STUDY	12
1.9 ETHICS STATEMENT	13
1.10 STRUCTURE OF THE STUDY	13
CHAPTER 2: LITERATURE REVIEW: BRANDS, BRAND EQUITY AND BRAND EXTENSIONS	15
2.1 INTRODUCTION	15

2.2	THE DYNAMICS OF BRANDING	15
2.3	THE IMPORTANCE OF BRANDS TO CONSUMERS	17
2.4	THE ROLE OF BRANDS TO FIRMS	19
2.5	AN EXAMINATION OF BRAND EQUITY	23
2.6	SOURCES OF BRAND EQUITY: BRAND KNOWLEDGE STRUCTURE	26
2.6.1	Brand awareness	27
2.6.2	Brand image	29
2.6.2.1	Types of brand associations	30
2.6.2.1.1	Attributes	31
2.6.2.1.2	Benefits	32
2.6.2.1.3	Attitudes	33
2.7	BENEFITS OF BRAND EQUITY	34
2.7.1	Increased brand awareness	34
2.7.2	Brand loyalty	34
2.7.3	Willingness to pay a premium price	34
2.7.4	Greater trade cooperation and support	35
2.7.5	Additional brand extension opportunities	35
2.8	BRAND EXTENSIONS AS A BENEFIT OF BRAND EQUITY	36
2.9	THE REASONS WHY FIRMS EMBARK ON A BRAND EXTENSION STRATEGY	39

2.10	THE LIMITATIONS OF USING A BRAND EXTENSION STRATEGY	42
2.11	FACTORS TO CONSIDER WHEN USING A BRAND EXTENSION STRATEGY	46
2.11.1	Perceived similarity/fit between the brand extension and the original brand	47
2.11.2	Perceived overall quality of the brand extension in relation to the original brand	49
2.12	CONCLUSION	50
CHAPTER 3:	RESEARCH DESIGN AND METHODOLOGY	51
3.1	INTRODUCTION	51
3.2	OPERATIONALISATION OF THE CONSTRUCTS USED IN THIS STUDY	51
3.2.1	The operationalisation of perceived overall quality	51
3.2.2	The operationalisation of perceived similarity/fit	51
3.3	STATEMENT OF THE RESEARCH PROBLEM	52
3.4	THE HYPOTHESES	53
3.4.1	Hypothesis 1	53
3.4.2	Hypothesis 2	54
3.5	THE RESEARCH QUESTIONS	54

3.6	METHODS OF DATA COLLECTION	55
3.6.1	Qualitative method	55
3.6.2	Quantitative method	56
3.6.3	Questionnaire development	57
3.6.3.1	Types of questions	59
3.6.3.2	Pilot-testing	60
3.6.3.3	Response rate	61
3.7	THE SAMPLE FRAME, SAMPLE SIZE AND SAMPLING METHOD	62
3.8	METHODS USED TO ANALYSE THE DATA	65
3.8.1	Descriptive Statistics	65
3.8.2	Spearman correlation coefficient	66
3.9	CONCLUSION	67
CHAPTER 4:	DISCUSSION OF THE RESEARCH RESULTS	68
4.1	INTRODUCTION	68
4.2	RECAPPING OF THE HYPOTHESES AND THE RESEARCH QUESTIONS	68
4.3	RESPONDENTS' GENERAL PERCEPTIONS OF NIKE ATHLETIC SHOES (ORIGINAL BRAND)	69

4.4	RESPONDENTS' GENERAL PERCEPTIONS OF NIKE BRAND EXTENSIONS	71
4.4.1	Respondents' perceptions of brand extension, Nike camera	72
4.4.2	Respondents' perceptions of brand extension, Nike socks	72
4.4.3	Respondents' perceptions of brand extension, Nike golf balls	73
4.5	SPEARMAN CORRELATION COEFFICIENT RESULTS: PERCEIVED OVERALL QUALITY OF BRAND EXTENSIONS IN RELATION TO ORIGINAL BRAND	75
4.6	RESPONDENTS' PERCEPTIONS OF THE OVERALL QUALITY OF NIKE ATHLETIC SHOES AND BRAND EXTENSIONS	76
4.6.1	Respondents' overall quality perception of brand extension, Nike camera	77
4.6.2	Respondents' overall quality perception of brand extension, Nike socks	78
4.6.3	Respondents' overall quality perception of brand extension, Nike golf balls	79
4.7	RESPONDENTS' PERCEPTIONS OF THE SIMILARITY/FIT OF BRAND EXTENSIONS WITH THE ORIGINAL BRAND	81
4.7.1	Respondents' perceived similarity/fit of Nike camera with Nike athletic shoes	82
4.7.2	Respondents' perceived similarity/fit of Nike socks with Nike athletic shoes	83
4.7.3	Respondents' perceived similarity/fit of Nike golf balls with Nike athletic shoes	84
4.8	SPEARMAN CORRELATION COEFFICIENT RESULTS: RESPONDENTS' ATTITUDE MEASUREMENT TOWARDS BRAND EXTENSIONS BASED ON THEIR PERCEIVED SIMILARITY/FIT WITH ORIGINAL BRAND	86

4.9	RESPONDENTS' ATTITUDE MEASUREMENT TOWARDS BRAND EXTENSIONS BASED ON THEIR PERCEIVED IMAGE OF THE ORIGINAL BRAND	87
4.9.1	Respondents' attitudes towards Nike camera based on their perceived similarity/fit with original brand image	88
4.9.2	Respondents' attitudes towards Nike socks based on their perceived similarity/fit with original brand image	90
4.9.3	Respondents' attitudes towards Nike golf balls based on their perceived similarity/fit with original brand image	91
4.10	CONCLUSION	94
CHAPTER 5:	DISCUSSION, RECOMMENDATIONS AND SUGGESTIONS FOR FUTURE RESEARCH	95
5.1	INTRODUCTION	95
5.2	DISCUSSION OF THE MOST IMPORTANT FINDINGS	95
5.2.1	Introduction	95
5.2.2	Findings with regard to the overall perceived quality of the Nike brand extensions in relation to the Nike original brand	96
5.2.3	Findings with regard to the perceived similarity/fit of Nike brand extensions to original brand, and subsequent attitude towards the extensions in relation to the Nike original brand	96
5.3	RECOMMENDATIONS WITH REGARD TO THE IMPLICATIONS OF THE MOST IMPORTANT FINDINGS	99
5.3.1	Recommendations with regard to the overall perceived quality of Nike brand extensions in relation to the Nike original brand	99
5.3.2	Recommendations with regard to the perceived similarity/fit of	



	Nike brand extensions with original brand and subsequent attitude towards the extensions as a result of this perception	100
5.4	LIMITATIONS OF THE STUDY AND SUGGESTIONS FOR FUTURE RESEARCH	102
5.4.1	Sample size, sample units, and sampling method	102
5.4.2	Selection of brands	103
5.5	THE CONTRIBUTION OF THE RESEARCH STUDY	103
5.6	CONCLUSION	105
APPENDIX 1:	PILOT QUESTIONNAIRE	106
APPENDIX 2:	FINAL VERSION QUESTIONNAIRE	111
APPENDIX 3:	DESCRIPTIVE STATISTICS: PERCEIVED OVERALL QUALITY OF BRAND EXTENSIONS AND ORIGINAL BRAND	116
APPENDIX 4:	DESCRIPTIVE STATISTICS: PERCEIVED SIMILARITY/FIT OF BRAND EXTENSIONS IN RELATION TO ORIGINAL BRAND	116
APPENDIX 5:	DESCRIPTIVE STATISTICS: RESPONDENTS' ATTITUDES TOWARDS BRAND EXTENSIONS IN RELATION TO ORIGINAL BRAND	117
APPENDIX 6:	DISTRIBUTION OF SAMPLE BY GENDER	118
APPENDIX 7:	DISTRIBUTION OF SAMPLE BY AGE	118
APPENDIX 8:	DISTRIBUTION OF SAMPLE BY EMPLOYMENT STATUS	119

APPENDIX 9:	DISTRIBUTION OF SAMPLE BY QUALIFICATION STATUS	119
APPENDIX 10:	DISTRIBUTION OF SAMPLE BY FACULTY STATUS	120
APPENDIX 11:	DISTRIBUTION OF SAMPLE BY RACIAL GROUPS	121
BIBLIOGRAPHY		122
LIST OF TABLES		
TABLE 2.1:	Roles that brands contribute to consumers and firms	19
TABLE 2.2:	2007's Top 10 global brands ranking in the financial services, luxury goods, mobile communications, retail, soft drinks, motorcar, and the technology sector	21
TABLE 2.3:	Benefits of brand equity	36
TABLE 2.4:	Benefits and limitations of brand extensions to original brands	45
TABLE 2.5:	Success factors of brand extensions	47
TABLE 3.1:	Sample characteristics of the study	63
TABLE 4.1:	Brand associations for original brand, Nike athletic shoes	71
TABLE 4.2:	Brand associations for Nike brand extensions	74
TABLE 4.3:	Quality perceptions of Nike athletic shoes	76
TABLE 4.4:	Quality perceptions of Nike camera	77
TABLE 4.5:	Quality perceptions of Nike socks	78
TABLE 4.6:	Quality perceptions of Nike golf balls	79
TABLE 4.7:	Respondents' perceived similarity/fit of Nike camera with Nike athletic shoes	82

TABLE 4.8: Respondents' perceived similarity/fit of Nike socks with Nike athletic shoes	83
TABLE 4.9: Respondents' perceived similarity/fit of Nike golf balls with Nike athletic shoes	84
TABLE 4.10: Attitude towards Nike camera in relation to Nike athletic shoes	88
TABLE 4.11: Attitude towards Nike socks in relation to Nike athletic shoes	90
TABLE 4.12: Attitude towards Nike golf balls in relation to Nike athletic shoes	91

FIGURE

FIGURE 2.1: Model of brand knowledge structure	27
---	-----------

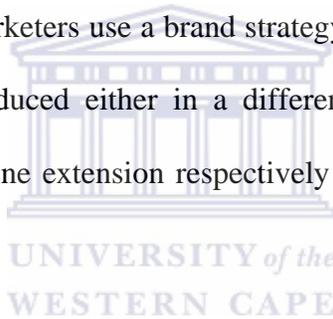


CHAPTER 1

INTRODUCTION AND STRUCTURE OF THE STUDY

1.1 INTRODUCTION

New product introductions have always been a popular strategy for firms seeking growth. This strategy, however, has its limitation because the new product may not be accepted, as 30% to 35% of new products fail in the market (Bhat, Holak & Reddy, 1994: 243). To avoid this drawback, brand marketers use a brand strategy that attaches an existing brand name to a new product introduced either in a different or similar product category, through brand extension and line extension respectively (Fox , Swaminathan & Reddy, 2001: 1).



The brand associations that consumers hold of original brands become important to marketers when extending brands because it is believed that these associations will be transferred to the extended brands and ultimately positive attitudes and feelings will be created toward these brands. Consumers use brand associations to help them process, organise, and retrieve information in memory and to aid them in making purchase decisions (Kasper, Strepp & Terblanche, 2005: 273).

Consumers can have different associations when evaluating brands. These can range from brands being perceived as reliable, high quality, user friendly, and value for money. The

associations consumers have of an original brand name can either favourably or unfavourably influence the way in which they evaluate brand extensions. Therefore, it is important for marketers to be aware of factors that should be taken into consideration in order to extend brands successfully. This study seeks to evaluate consumers' attitudes towards three extended brands, namely, Nike camera, Nike socks, and Nike golf balls based on their perceived overall quality as well as perceived similarity/fit with the original brand, Nike athletic shoes.

1.2 BACKGROUND AND THE CONTEXT OF THE RESEARCH

Although existing products can be used to further penetrate existing markets or expand into new markets, new product introductions are often vital to the long-run success of a firm (Keller, 1998: 451). In the past few decades, many products have been introduced as brand extensions, which is the use of an established and existing brand name to enter a new product category. Some of these brand extension products include Colgate shampoo (brand extension) from Colgate tooth paste (original brand), Bic razor blades (brand extension) from Bic ballpoint (original brand) and Caterpillar shoes (brand extension) from Caterpillar heavy machines (original brand) (Bhat, Kelley & O'Donnell, 1998: 42).

A brand extension strategy hopes to capitalise directly on the value or equity of the existing original brand. An existing original brand has many consumers who may have a variety of positive associations with the brand. Moreover, the brands' name may also be known to those consumers who are not currently using the brand. Therefore, a new product introduced as a brand extension can capitalise on the recognition value and the

positive associations of the original brand. This brand extension strategy does not guarantee success but to a certain extent, it increases a possibility that trial for the new product may be stimulated because of the reputation of the original brand (Bhat, *et al.*, 1998: 42).

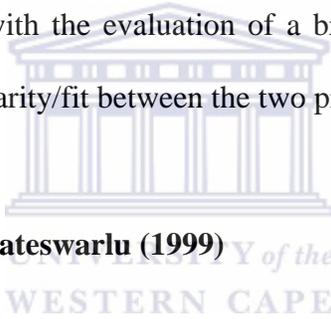
However, a brand extension may not benefit from an original brands' equity if consumers find that the new product does not fit with the brand image of the original brand (Aaker & Keller, 1990). In the context of brand extensions, several researchers (Aaker and Keller, 1990; Lawson, Milberg and Park, 1991) have observed the important role that the fit between the original brand and the brand extension plays in consumers' evaluation of the extension. This occurs because consumers view an original brand in terms of a mental category and tend to treat an extension as a new example of this mental category. When they see a high degree of fit between the original brand and the brand extension, they are more likely to transfer the positive associations and feelings of the original brand to the brand extension (Bhat, *et al.*, 1998: 43). Additionally, a brand extension may damage the original brands' equity if the extension is found to be of poor quality or if it fails to capture the market audience (Aaker & Keller, 1992; Bhat & Zimmer, 1996).

To evaluate the associations consumers hold of extended brands in relation to their original brands, various researchers have also studied consumers' behaviour towards brand extensions to investigate the effect of brand extensions based on the image of original brands. The following four studies demonstrate the kind of approaches that have

been used to determine brand associations between the original brand and the extended brand:

1.2.1 Aaker and Keller (1990)

This study measured the attitudes of consumers towards brand extensions using the quality and similarity/fit constructs. The respondents were 107 undergraduate business students who were required to evaluate twenty brand extensions in relation to six original brands. The findings of the study indicated that the relationship of a positive quality image for the original brand with the evaluation of a brand extension was strong only when there was a basis of similarity/fit between the two product classes.



1.2.2 Barrett, Lye and Venkateswarlu (1999)

This study measured attitudes of consumers towards brand extensions also using the quality and similarity/fit constructs. The respondents that were used in this study were 319 consumers who were required to evaluate sixteen brand extensions in relation to six original brands. The findings of the study indicated that consumer perceptions of the quality of the original brand and the similarity between the original brand and brand extension were found to have a positive effect on consumers' attitude towards the brand extension.

1.2.3 Martinez and Pina (2003)

This study measured the negative impact that brand extensions may have on the image of the original brand. The respondents that were used in this study were 94 undergraduate business students who were required to evaluate six brand extensions in relation to six original brands. The findings of the study indicated that the brand extension may dilute the image of the original brand if the extension is distant from the original brand in terms of similarity/fit. It further concluded that, the lower the perceived quality of the brand extension is, the worse the brand image of the original brand will be after the extension is in the market.



1.2.4 James (2006)

This study examined the quality and similarity/fit construct to identify whether the brand extension dimensions can be applied to brand alliances. The respondents that were used in this study were 260 undergraduate business students who were required to evaluate eight brand extensions in relation to four original brands. The findings of the study indicated that the quality factor played an important role in consumer attitude formation. With regards to similarity/fit, the study reinforced that this factor played an important role towards acceptance of the brand extension by consumers.

Based on the afore-mentioned studies, it is envisaged that this study will more or less support the developed hypotheses. Possible conclusion may revolve around the

possibility that the exposure to brand extensions of poor quality and similarity/fit in relation to original brand may dilute specific consumer brand associations, which will ultimately affect consumers' overall attitude towards the brand extension.

1.3 DEFINITION OF TERMS

The study looks at issues revolving around brand management with specific reference to brand extensions. Therefore, it is necessary to define and explain the main concepts used in this study. The following definitions are vital for a better understanding of the key words and other concepts used in the study:

Brand extension is defined by Aaker and Keller (1992: 35) as:

“the use of an established brand name to enter a new product category.”

Brand equity is described by Chandon (2003: 5) as:

“the differential effect that brand awareness and brand associations have on consumer response to the marketing of that brand.”

Brand loyalty is defined by Chaudhuri (1995: 28) as:

“a consumers' preference to buy a single brand name in a product class as a result of the perceived quality of the brand and not its price.”

Brand image is defined by Keller (1998: 92) as:

“consumers’ perceptions of a brand as reflected by the brand associations held in the consumers’ memory.”

Brand associations are defined by Belén del Río, Vázquez and Iglesias (2001: 411) as:

“informational nodes linked to the brand node in memory and contain the meaning of the brand for consumers.”

Consumers are defined by Schiffman and Lazar-Kanuk (1997: 7) as:

“the members of households who consume goods and services to satisfy their needs.”



Product and non-product related attributes: product related attributes are defined as the components of the core product (or service) function sought by consumers and non-product related attributes are all other attributes that are external to the function or process of the product or service offering (Grace & O’Cass, 2003: 453).

Perceived quality is defined by Keller (1998: 176) as:

“consumers’ perceptions of the overall quality or superiority of a product or service relative to relevant alternatives and with respect to its intended purpose. Thus, perceived quality is a global assessment based on consumer perceptions of what they think constitutes a quality product and how well the brand rates on those dimensions.”

Similarity/fit is defined by de Chernatony, Hem and Iversen (2003: 786) as:

“the degree to which consumers perceive the brand extension product-based aspects such as features or attributes as similar to the features or attributes of the original brand.”

Brand attitudes is defined by Katsanis and Pitta (1995: 55) as:

“the sum of all salient beliefs a consumer holds about a product or service, multiplied by the strength of evaluation of each of those beliefs as good or bad.”

1.4 STATEMENT OF THE RESEARCH PROBLEM

In brand extension research, it has been widely reported that a brand can be successfully extended into new product categories when firstly, there is consistency in terms of similarity/fit between the extended brand and the original brand with regard to product and non-product related attributes and secondly, when perceived quality of the extended brand is congruent with that of the original brand (Bristol, 2002: 198).

Several studies have concluded that the greater the similarity/fit between the original brand and extended brand, the greater the transfer of positive (or negative) affect to the extended brand (Aaker & Keller, 1990; Barrett, Lye & Venkateswarlu, 1999; Martinez & Pina, 2003; and James, 2006). This conclusion is based on the premise that consumers will develop more favourable attitudes towards brand extensions if they perceive high

congruence between the extension and the original brand as far as product and non-product related attributes are concerned (de Chernatony, *et al.*, 2003: 787).

These conclusions have been drawn by researchers who have used brands either local to their respondents or have conducted these research in developed countries where consumers may not be highly brand conscious. In developing countries, non-local products or brands are more desirable and acquire higher status than local products (Bearden & Etzel, 1982).

Aaker and Keller (1990) postulate that the relationship of a positive quality image for the original brand with the evaluation of a brand extension was strong only when there was a basis of similarity or fit between the two product classes. It is necessary to validate these findings in South Africa using Nike, which is not a local brand. The image South African respondents have of this foreign brand may be relatively stronger to an extent that they exhibit favourable attitude towards the extensions irrespective of whether there is a fit or not.

1.5 AIM OF THE RESEARCH STUDY

The aim of this study is to evaluate consumers' perceptions of the product and non-product related attributes of the original brand, Nike athletic shoes in terms of the impact on their attitudes towards three extended brands (Nike camera, Nike socks, and Nike golf balls). When consumers evaluate the attributes of brand extensions, the perceived quality of the original brand comes to mind (Martinez & Pina, 2003: 438). Perceived quality as

mentioned before, is consumers' judgments about the overall superiority or excellence of a product (Zeithaml 1988; Aaker & Jacobson, 1994; Chowdhury, 2006: 3). If consumers perceive the quality of the original brand attributes as bad, it is more probable that their overall attitude towards the extended brand will be unfavourable. This can be avoided provided that brand extension products are extended from original brands with strong, favourable, and unique associations in consumers' memory.

The degree to which consumers' perception of the overall quality of the original brands affect their evaluation of extended brands and vice versa depends on perceived similarity/fit between the original brand and the extended product class in terms of the transferability of valued attributes. For example, Aaker and Keller (1990) provide Zeithaml's (1988) example of how thickness is related to high quality in tomato-based juices and not in childrens' fruit-flavoured drinks, and of how pulp is related to high quality in orange juice but to low quality in apple juice. Therefore, Aaker and Keller (1990) conclude that quality perception of the original brand could be transferable to the extensions if there is a similarity/fit between the original brand and the extension product classes.

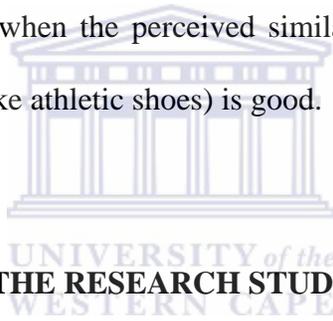
Therefore, to assess consumers' attitudes towards the three Nike extended brands in relation to how they perceive the product and non-product related attributes of the Nike original brand, the perceived overall quality and perceived similarity/fit of these brand extensions in relation to the original brand will first be ascertained.

1.6 HYPOTHESES

In line with the discussed aim of this study, the following two hypotheses are proposed:

H1: The overall perceived quality of Nike extended brands (Nike camera, Nike socks, and Nike golf balls) will be congruent to that of the original brand (Nike athletic shoes).

H2: The attitude towards Nike extended brands (Nike camera, Nike socks, and Nike golf balls) will be favourable when the perceived similarity/fit between the extensions and the original brand (Nike athletic shoes) is good.



1.7 SIGNIFICANCE OF THE RESEARCH STUDY

Given that marketers spend substantial amounts of money investing in brand extension strategies, it is important for them to take into consideration the conformity of brand image between the original brand and the brand extension. As a result of increased competition and new product failure rate, marketers are also tempted to transfer a “winning brand” name to any new product introduced in the market. In doing so, marketers need to ensure that similarity/fit and consistency between original brand and brand extension in terms of product and non-product related attributes is maintained. This will enable consumers to evaluate the new extended product favourable due to the already established image of the original brand to the benefit of the firm.

Brand extensions can produce reciprocal effects that either enhance or diminish the equity of the original brand (Fox, *et al.*, 2001: 1). Based on this assertion, this study will investigate consumers' perceptions of original brands and their attitudes towards brand extensions, thus enabling marketers to be aware of important factors such as the uniqueness and strength of some attributes that should be taken into consideration when introducing brand extensions in line with consumers' expectations in the market.

1.8 LIMITATION OF THE RESEARCH STUDY

The sample to be used in this study comprise of undergraduate and postgraduate students from the University of the Western Cape. Therefore, the use of a student sample is a limitation of this study. The researcher anticipates a situation where the respondents may demonstrate a more academic and biased reaction in evaluating the brand extensions in relation to the original brands as a result of their academic exposure.

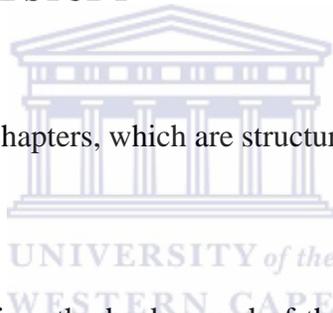
However, it was anticipated that consumers in general may not understand certain aspects of branding and as a consequence, may be unable to respond to some of the questions that would be asked, hence the use of students as respondents. This method has been widely used by other researchers in many previous studies.

1.9 ETHICS STATEMENT

Respondents were ensured that the information provided by them would primarily be used for research purposes only and would remain confidential. The nature, aims and importance of the study were explained to respondents and their consent was sought before collecting the data. The researcher avoided plagiarism and authors of academic literature have been acknowledged.

1.10 STRUCTURE OF THE STUDY

This study is divided into five chapters, which are structured as follows:



Chapter 1 covers the introduction, the background of the study, and the key words that form part of this study. Thereafter, the research problem that has led to the development of the hypothesis is presented. The aim, significance and limitation of the research study are articulated. Finally, the ethics and the structure of the research study are highlighted.

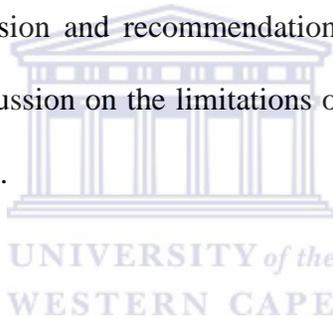
Chapter 2 begins by defining a brand and discussing the importance of brands to consumers and firms. Following this is the examination of brand equity in terms of its definition, benefits, and sources thereof. Thereafter, brand extension which is one of the benefits of brand equity is discussed in detail. The reasons why firms embark on a brand extension strategy, benefits and limitations of a brand extension strategy, and finally,

success factors that marketers should take into consideration when using a brand extension strategy conclude this chapter.

Chapter 3 presents the research design underpinning this study. The research methods, the data collection techniques used, as well as the method of data analysis is discussed.

In Chapter 4 the results of the data analysis of this study are reported in terms of the hypotheses developed.

Chapter 5 presents the conclusion and recommendations based on the findings of the research study, deals with discussion on the limitations of the study, and concludes with suggestions for further research.



CHAPTER 2

BRANDS, BRAND EQUITY AND BRAND EXTENSIONS: A LITERATURE REVIEW

2.1 INTRODUCTION

This chapter begins by discussing the dynamics of branding and the importance of brands to consumers and firms. Following this is the examination of brand equity in terms of definition, benefits, and sources thereof. Thereafter, brand extension which is one of the benefits of brand equity will be discussed in detail. This discussion will centre around the forms, the reasons why firms embark on a brand extension strategy, and the limitations of a brand extension strategy. Finally, the success factors that marketers should take into consideration when using a brand extension strategy will be examined.

2.2 THE DYNAMICS OF BRANDING

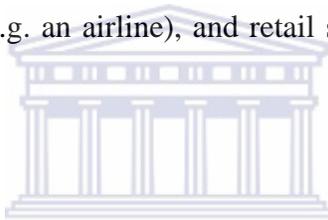
A brand is defined as a complex bundle of images and experiences in the consumers' mind. A brand represents a promise by a particular firm about a specific product; it is a sort of quality certification (Green & Keegan, 2003: 400).

Keller (1998) points out that much of the literature on brands is based on the 1960 American Marketing Association definition of a brand. He defines the term, brand as follows:

“a name, term, sign, symbol or design, or combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors” (Keller, 1998:2).

In most brand definitions the term product is used frequently, hence it is important to distinguish how products differ from brands.

A product is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a need or want. Thus, a product may be a physical good (e.g. tennis racquet), service (e.g. an airline), and retail store (e.g. supermarket) (Keller, 1998: 3).



A brand is a product, but one that adds other dimensions to differentiate it in some way from other products designed to satisfy the same need (Keller, 1998: 4). For example, at the core of Heineken brand is a beer beverage, which is a product. Most consumers do not see Heineken as just a beer but rather as a brand due to its market appeal, market positioning and relationship with them. Together these elements form the Heineken brand.

Creating a successful brand entails blending various elements such as brand name, logo, or symbol together in a unique way. According to Jeremy Bullmore, a director of J Walter Thompson Advertising Agency, building a brand in the past was rather simple. A logo was a straightforward guarantee of quality and consistency, or it was a signal that a

product was something new in the market. As a consequence, consumers were prepared to pay a premium price for such offerings (Top Brand Survey: Sunday Times, 2001: 2). Nowadays, brand building has become much more complicated and challenging due to a number of reasons such as the buying power of consumers, regulations that firms need to abide to and most importantly, the wide range of product options available to consumers to choose from.

Rita Clifton, Chief Executive Officer of Interbrand also asserts that consumers have become more exposed to a wide range of alternatives available in the marketplace and as a result, they use their buying power to switch brands as and when necessary (Top Brand Survey: Sunday Times, 2002: 5). This implies that marketing managers, brand managers, and product managers should realise that consumers' needs and standard of living is evolving continuously. Therefore, a brand strategy of the firm should be altered in line with such new developments. For example, consumers nowadays are becoming more health conscious, therefore products would have to be environmentally friendly and healthy for consumption in order to appeal to such consumers.

2.3 THE IMPORTANCE OF BRANDS TO CONSUMERS

Buying brands simplifies the purchasing process. For example, if consumers recognise a brand and have some knowledge about it, then they do not have to engage in a lot of additional thought or processing of information to make a purchasing decision. Thus, from an economic perspective, brands allow consumers to lower search costs for products

both internally (in terms of how much they have to think) and externally (in terms of how much they have to look around). Based on what they already know about the brand – its quality, and product characteristics, consumers can make assumptions and form reasonable expectations about the brand (Keller, 1998: 6).

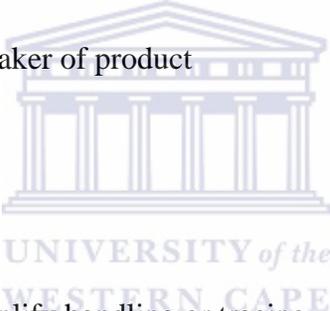
Consumers can easily retrieve information about the benefits of using a specific brand name over competitors' brands. This information can be encoded in their minds according to the functional and emotional values enjoyed. Consumers' shopping time can be greatly reduced when they are certain of which brand to purchase among the numerous alternative products on the retail shelves.

A well recognised brand reduces consumers' perceived purchasing risk because an image has been built of the brand that gives them faith in their purchasing decision (Heaston, 2002). For example, a Volvo car is associated with safety, hence a potential buyer would prefer to buy a Volvo car as opposed to another competing car when safety is an attribute sought.

Consumers form relationships with brands and use them for self expression. They have genuine affection for some brands and this result to them using the brand throughout their growing stages. *"I'm very brand loyal. I've used Tide forever - my mother used Tide and when I got married, it didn't occur to me to use anything else but Tide."* (Langer, 1997: 61). These are the testimonial words of a typical brand loyal consumer. Consumers become brand loyal with the implicit understanding that the brand will behave in certain

ways and provide them utility through consistent product performance. Lastly, consumers can identify the source or maker of a product and assign responsibility to a specific manufacturer or distributor when dissatisfied. Table 2.1 below provides a summary of the importance of brands to consumers as well as to firms.

TABLE 2.1: Role that brands contribute to consumers and firms

<p>Consumers</p> <ul style="list-style-type: none"> Identification of source of product Assignment of responsibility to product maker Risk reducer Search cost reducer Promise, bond, or pact with maker of product Symbolic device Signal of quality 	
<p>Firms</p> <ul style="list-style-type: none"> Means of identification to simplify handling or tracing Means of legally protecting unique features Signal of quality level to satisfied consumers Means of endowing products with unique associations Source of competitive advantage Source of financial returns 	

Source: Keller (1998: 7)

2.4 THE ROLE OF BRANDS TO FIRMS

In today's marketing environment, having a well thought through brand strategy is a key contribution to corporate success of a firm. Over the last decade, firms have significantly

increased their investments in the creation and development of brands (Belén del Río, *et al.*, 2001: 410) because they provide a number of valuable benefits to firms.

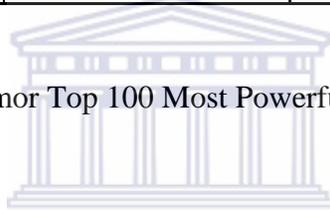
Marketers use brands as a mechanism to provide the primary points of product differentiation between competitive offerings, which can be critical to the success of the firm (Wood, 2000: 663). Brands serve an identification purpose to simplify product handling or sales tracking for the firm. Operationally, brands help to organise inventory, accounting, and other records such as sales increase or decrease, and market share growth or decline.

Today's most powerful and established global brands such as Google, Coca Cola and Toyota to name but a few, are worth far much more than their actual value. For example, Google is approximately worth 66 million US Dollars (77% brand value in comparison to the actual value); Coca Cola is approximately worth 44 million US Dollars (7% brand value in comparison to the actual value); and Toyota is approximately worth 33 million US Dollars (11% brand value in comparison to the actual value) (Millward Brown Optimor Top 100 Most Powerful Brands Report, 2007: 10). Table 2.2 provides 2007's Top 10 global brands and their corresponding brand values.

TABLE 2.2: 2007's Top 10 global brands ranking in the financial services, luxury goods, mobile communications, retail, soft drinks, motorcar, and the technology sector

Position	Brand	Brand Value (\$m)	Brand Value Change (%)
1	Google	66,434	77%
2	General Electric	61,880	11%
3	Microsoft	54,951	-11%
4	Coca Cola	44,134	7%
5	China Mobile	41,214	5%
6	Marlboro	39,166	2%
7	Wal-Mart	36,880	-2%
8	Citi	33,706	9%
9	IBM	33,572	-7%
10	Toyota	33,427	11%

Source: Millward Brown Optimor Top 100 Most Powerful Brands Report: 2007



The information from the table above shows that brand strength is at the forefront of these firms' success in the market and should presumably result from brand awareness, value for money and perceived high quality associated with their products among consumers.

To firms, brands are a signal of product quality. This enables consumers to repeatedly purchase the product over competitors' products as a result of this quality perception. For example, firm A can produce a similar product as firm B but be that as it may, consumers can choose to purchase a brand from the firm A stable. This could be as a result of differentiating factors such as the perceived product quality and positioning of the brand. Barnard, Ehrenberg and Scriven (1997: 7) assert that competitive brands seldom differ in

any big way from each other. This is because any innovation with selling power tends to be quickly copied. Why then do similar brands have very different market shares? It is due to the very different numbers of consumers to whom each brand is “salient,” i.e. who feel positive about it.

Brands are used by firms to build consumer loyalty in their quest not only to maintain market share by retaining existing consumers but also to get new consumers to purchase the brand. Delgado-Ballester and Munuera-Alemán (2001: 1238) state that the development and maintenance of consumer brand loyalty is placed at the heart of firms’ marketing strategies as a result of highly competitive markets. Brand loyalty leads to greater and continual sales since the same brand is repeatedly purchased by consumers, irrespective of situational constraints (McKenna, 2005: 14). For example, brand loyal consumers are willing to pay a premium price for a brand because of the value for money that they anticipate will be derived from the purchase of that brand when compared to other available alternatives. Furthermore, brand loyal consumers are willing to devote more time in search of their admired brand. In this instance, Chaudhuri (1995) state that consumers do not even require to see frequent advertisements due to the knowledge and faith that they have in the brand, thus resulting to lower advertising and marketing costs for the firm.

Brands influence relevant stakeholders who support the firm in many ways. It makes it easier for a firm to conclude business transactions that are financially beneficial. For example, investors are always eager to invest in a reputable firm that has recognised

brands because of the potential return on investment (ROI); distributors and retailers are less reluctant to negotiate and provide a shelf space when a recognised brand is involved due to the reduced risk of product failure; prospective employees admire a firm which has a reputation of successful and strong brands (in South Africa for example, most people would like to work for companies such as SABMiller, Coca Cola, and Parmalat to name but a few, because of the brands that are associated with these companies), and brand loyal consumers will in most cases, opt for the most familiar and trusted brand even if it costs a little more than the alternative products from the competitor (Heaston, 2002).

From the discussion above, it is evident that brands play an important role in creating and sustaining the competitive advantage that is required for a firm to sustain its position in the marketplace. The concept of brand equity has raised the importance of the brand and thus building and properly managing brand equity has become a priority for companies of all sizes in all types of industries (Keller, 2000).

2.5 AN EXAMINATION OF BRAND EQUITY

The content and meaning of brand equity has been debated in a number of different ways and for a number of different purposes, but so far no common definition has emerged.

However, below are various definitions by different authors:

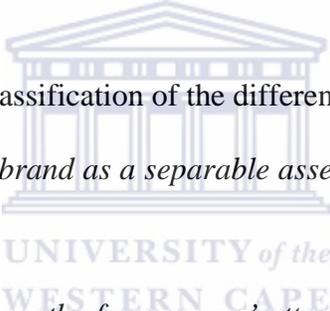
Aaker (1991) defines brand equity as:

“a set of brand assets and liabilities linked to a brand, its name and symbol, that adds to or detracts from the value provided by a product or service to a firm and/or to the firms’ consumers.”

Chaudhuri (1995: 27) describes brand equity as:

“a set of associations and behaviour on the part of a brands’ consumers, channel members and parent corporation that permits the brand to earn greater volume or greater margins than it could without the brand name.”

Wood (2000: 662) provides a classification of the different meanings of brand equity as:

- 
- (1) *“the total value of a brand as a separable asset when it is sold, or included on a balance sheet.”*
- (2) *“a measure of the strength of consumers’ attachment to a brand.”*
- (3) *“a description of the associations and beliefs the consumer has about the brand.”*

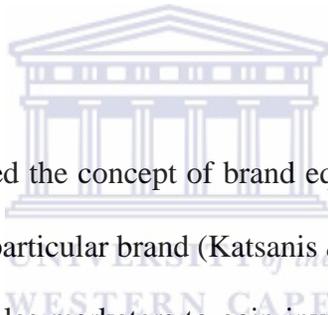
Blunden, Dall’Olmo Riley and Lomax (2004: 41) define brand equity as:

“the aggregation of all accumulated attitudes and behaviour patterns of consumers and distribution channels, which enhances future profits and long term cash flow of the respective firm.”

Brand equity has therefore been viewed from two perspectives. The first perspective is financially based and views brand equity in terms of incremental discounted future cash flows that would result from a branded product, in comparison with the revenue that would occur if the same product did not have the brand name (Motameni & Shahrokhi, 1998: 276). Motameni and Shahrokhi (1998: 276) thus define the financial perspective of brand equity as:

“the incremental cash flows which accrue to branded products over unbranded products.”

This approach is used to determine a brands’ valuation for accounting, merger, or acquisition purposes.



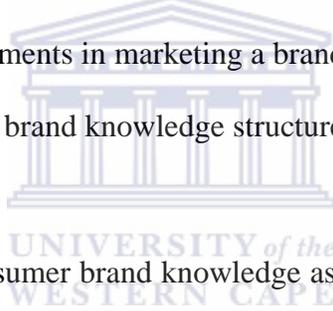
The second perspective has used the concept of brand equity in the context of consumer behaviour effects specific to a particular brand (Katsanis & Pitta, 1995). This approach is relevant in this study as it enables marketers to gain invaluable insights about consumer perceptions on respective brands.

The knowledge that consumers have about a brand is central to the creation and management of brand equity. Keller (1998) thus examines brand equity in terms of consumer-based brand equity. Consumer-based brand equity is defined as *“the differential effect that brand knowledge has on consumer response to the marketing of a brand.”* A brand is said to have positive consumer-based brand equity when consumers react more favourably to the way it is marketed as compared to when it is not. Thus, a brand with positive consumer-based brand equity might result in consumers being more

accepting of a new brand extension, less sensitive to price increases and, willing to seek the brand in a new distribution channel.

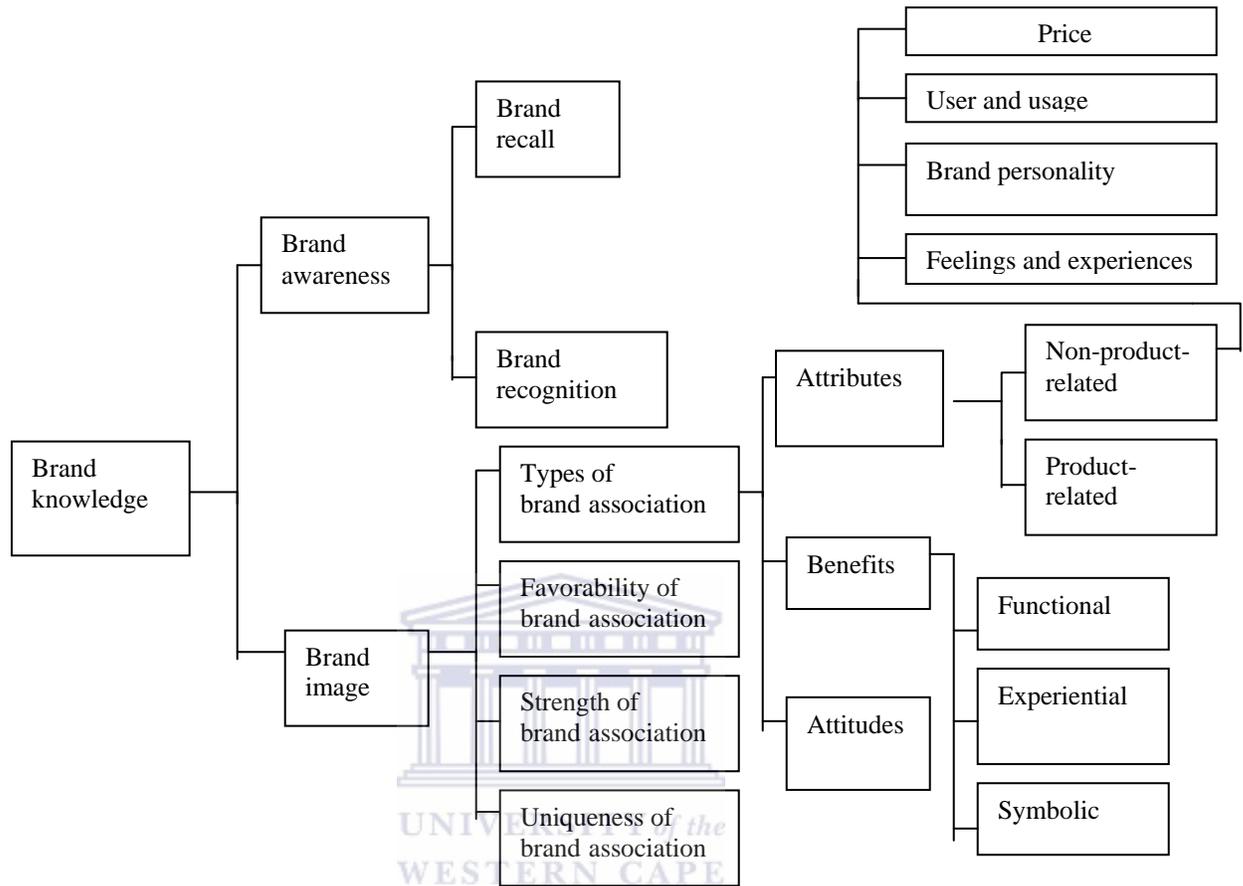
2.6 SOURCES OF BRAND EQUITY: BRAND KNOWLEDGE STRUCTURE

For branding strategies to be successful and brand equity to be created, consumers must be convinced that there are meaningful differences among the firms' brands in relation to competitors' brands. Brand equity is thus generally viewed as resulting from the activities needed to market a brand (Pitta & Katsanis, 1995) but the "added value" endowed to a product as a result of the investments in marketing a brand depends on what resides in the minds of consumers (consumer brand knowledge structure) (Keller, 1993 and 1998).



Keller (2003: 596) defines consumer brand knowledge as *"the personal meaning about a brand stored in consumer memory, that is all descriptive and evaluative brand related information."* Understanding the content and structure of brand knowledge is important because it influences what comes to mind when consumers think about a brand (Keller, 1998). He considers brand knowledge structure to be a source of brand equity which is made up of two components, namely, *brand awareness* and *brand image*. These components are made up of various determinants as illustrated in Figure 2.1 and discussed thereafter.

FIGURE 2.1: Model of brand knowledge structure



Source: Keller (1998: 94)

2.6.1 Brand awareness

Brand awareness refers to the strength of a brands' presence in consumers' minds (Keller, 1993). Brand awareness consists of *brand recognition* – reflecting the ability of consumers to confirm prior brand exposure – and *brand recall* – reflecting the ability of consumers to retrieve the brand in their minds (Keller, 1998: 49). Brand awareness results to customer-based brand equity, which occurs when the consumer has a high level

of awareness and familiarity with the brand and holds some strong, favourable, and unique brand associations in memory (Akinci, Aksoy & Atilgan, 2005: 239). Brands vary in the amount of power and value they have in the marketplace. At one extreme there are brands that are not known by most consumers. At the other extreme, there are brands for which consumers have a fairly high degree of brand awareness (Akinci, *et al.*, 2005: 241). Brand awareness plays an important role in consumer decision making for three main reasons:

- It is important that consumers think of and consider the brand whenever they are making a purchase among a handful of competing brands.
- Brand awareness can affect the choices among brands in the consideration set, even if there are essentially no other associations to those brands. Brand awareness may be sufficient enough for brand choice, even in the absence of a well-formed attitude.
- High brand awareness also affects consumer decision making by influencing the formation and strength of brand associations that make up the brand image. Brand image is created when consumers have the information about the brand in their minds (Keller, 1998: 91).

A relevant question that comes to mind is how do marketers create brand awareness?

Marketers use the following marketing mediums to create awareness (Keller, 1998: 218):

- **Media advertising** such as television, radio, newspaper, and magazines.

- **Direct response advertising** such as mail, print media, telephone, cellphone, broadcast media, and internet.
- **Place advertising** such as billboards, posters, cinema, and transit.
- **Point-of-purchase advertising** such as shelf talkers, and in-store radio or television.
- **Trade promotions** such as trade deals & buying allowances, trade and exhibition shows, and cooperative advertising.
- **Consumer promotions** such as samples, price-offs, refunds/rebates, and bonus packs.
- **Event marketing and sponsorship** such as sports, fairs and festivals, and entertainment



2.6.2 Brand image

Brand image is defined by Keller (1998: 49) as:

“the consumer perceptions of a brand as reflected by the brand associations held in consumers’ memory.”

Keller (1998) states that brand image result from the favourability, strength, uniqueness, and types of brand associations held by the consumer in their minds indicating that brand associations are in the centre of brand image formation. It is important to note that brands are positioned with different sets of associations. For example, McDonalds’ marketing strategy attempts to position the brand in a manner that seeks to create associations such as “quality,” “service,” cleanliness,” and value” in consumers’ minds. Whereas, Coca

Cola's marketing strategy attempts to position the brand in a manner that seeks to create associations such as "refreshment," taste," availability," affordability," and accessibility" in the mind of the consumer (Keller, 1998: 50). Marketers create brand associations that result to brand image by utilising various sources such as advertising, packaging, public relations, and word-of-mouth (Keller, 1998: 51).

Brand associations are important to both marketers and consumers. Marketers use brand associations to differentiate, position, and extend brands to create positive attitudes and feelings toward brands, and to suggest attributes or benefits of purchasing or using a specific brand. Consumers use brand associations to help process, organise, and retrieve information in memory and to aid them in making purchase decisions (Lamb & Low, 2000: 350). Brand associations can either be product related attributes such as benefits, functions, packaging and performance of the product or non-product related attributes such as price, user and usage imagery, feeling and experiences, and brand personality (James, 2005: 14).

2.6.2.1 Types of brand associations

Keller's model of brand knowledge depicts three major categories of brand associations, namely, attributes (product-related and non-product related); benefits (functional, experiential and symbolic) and attitudes. These categories are discussed in detail below:

2.6.2.1.1 Attributes

Attributes are defined as those descriptive features that characterise a product or service, such as what the consumers think of the product and how they believe the product will satisfy their needs. Attributes are distinguished as product related or non-product related depending on how directly they relate to product performance. *Product related attributes* refer to a products' physical composition or a services' requirements and are what determine the nature and level of product performance. *Non-product related attributes* arise from the marketing mix variables (product, price, promotion and place) and how the product is marketed. These attributes are further characterised by Keller (1998) as follows:

- **Price:** this is a particularly important attribute association mainly because consumers often have strong beliefs about the price and how it is reflective of the value of a brand. For example, if a brand is expensive, consumers tend to associate such a brand as being of good quality and when the brand is cheaper, the opposite is associated with the brand.
- **User and usage imagery:** these attributes can be formed directly from consumers' own experiences with the brand and contact with brand users or indirectly through the depiction of the target market as communicated in brand advertising or by other sources of information such as word-of-mouth. Associations of a typical brand user may be based on demographic factors (e.g. age, gender, income, and race) and psychographic factors (e.g. social status, lifestyles and possessions).

- **Feelings and experiences:** the feelings and the emotions associated with a brand help give products meaning and increase product use satisfaction while also potentially enhancing brand perceptions.
- **Brand personality:** brands can also take on personality traits such as energetic, extrovert, powerful, or sophisticated. For example, a brand can be associated with a person, thus be characterised as being “modern,” “old fashioned,” “lively,” or “exotic.” A brand with the right personality can result in a consumer feeling that the brand is relevant to their lifestyle.

2.6.2.1.2 Benefits

Benefits are the personal value and meaning that consumers attach to the product or service attributes. This meaning can be described by what consumers think the product or service can do for them and what it represents. Benefits are characterised into three categories:

- **Functional benefits** are intrinsic advantages that relate to product-related attributes. These benefits are often linked to basic motivations such as physiological and safety needs and involve a desire to fulfil a particular need. For example, functional benefits of a shampoo might be that it eliminates dandruff, removes greasiness, makes hair and scalp healthy, and gives hair moisture and body (Keller, 1998: 99).
- **Symbolic benefits** are extrinsic advantages that relate to non-product related attributes. These benefits relate to underlying needs for social approval or

personal expression. For example, consumers may value Rolex watch because it conveys a message about their status level and appreciation of good quality brands (Keller, 1998: 99).

- **Experiential benefits** relate to what it feels like to use the product or service and can correspond to both product-related attributes and non-product attributes. These benefits satisfy experiential needs such as sensory pleasure like taste, sight, sound, smell, or feel (Keller, 1998: 100).

2.6.2.1.3 Attitudes

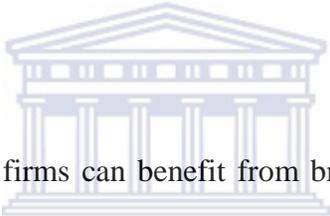
Brand attitudes are defined as consumers' overall evaluations of a brand whether good or bad. When faced with a choice of brands in a product category, consumers choose the brand which they hold the most favourable attitude towards. A stronger brand attitude builds a stronger brand, helping it to overcome or provide a counter-attacking option if faced with a counter claim from a competitor (James, 2005: 15). With positive attitude towards a brand, a number of benefits can be gained, such as repeat purchases, increase in sales, and positive word-of-mouth.

2.7 BENEFITS OF BRAND EQUITY

2.7.1 Increased brand awareness

Brand equity implies high levels of brand awareness which normally leads to increase in the effectiveness of a firms' position in the marketplace (Katsanis & Pitta, 1995: 56). This is because brand equity increases the probability of a brand choice, leads to brand loyalty, and protects the brand from competitive threats (Keller, 1993).

2.7.2 Brand loyalty



There are numerous ways that firms can benefit from brand equity. Due to the already created image of the brand, consumers may have a habit of buying a particular brand without really thinking much about why they do so. This is referred to as brand loyalty, which is measured by a behavioural sense through the number of repeat purchases. In all, brand loyalty is one of the many advantages of creating a positive brand image and manifestations of having brand equity (Keller, 1998: 54).

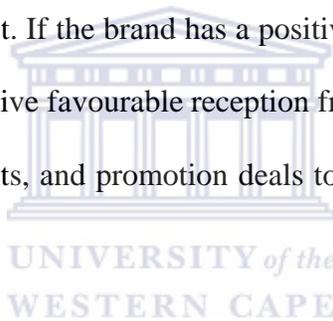
2.7.3 Willingness to pay a premium price

Brand equity enables a firm to create a positive image about its products which help to solidify its market position, and differentiate its products from competitors. In turn, this allows a firm to command premium prices for its products and encourage consumers to

purchase its products over those of competitors as a result of the value they derive from the brand. According to Keller (1998: 53), consumers should have a more inelastic response to price increases and elastic responses to price decreases or discounts for the brand over time.

2.7.4 Greater trade cooperation and support

Marketers often do not sell products directly to consumers without the help of middlemen. Therefore, wholesalers, retailers and other relevant parties play an important role in the selling of the product. If the brand has a positive brand image with consumers, it is more likely that it will receive favourable reception from the distributors and retailers in form of shelf space, discounts, and promotion deals to the benefit of the firm (Keller, 1998: 64).



2.7.5 Additional brand extension opportunities

Introducing a new product is always a tricky situation for a firm due to a number of reasons such as whether the product will be accepted by the target market, whether distributors and retailers will be willing to provide shelf space for the new product, and whether the product sales will justify the advertising and marketing costs incurred in launching the new product. To avoid these challenges, brand equity of an existing and successful brand make introduction of new products less costly by trading on an established brand name, a brand strategy known as brand extension. Diet Pepsi and Diet

Coke are successful examples that have benefited from the brand equity of their original brand products, i.e., Pepsi Cola and Coca Cola respectively. Arguably, further advertising the brand extension might create improved synergy between the extended brand and its original brand. One of Coca Cola's extensions, Cherry Coke, was successful in the market despite a near absence of advertising support due to the established brand image of the original brand, Coca Cola (Katsanis & Pitta, 1995: 51). Table 2.3 below provides a summary of the benefits of brand equity.

TABLE 2.3: Benefits of brand equity

Greater loyalty
Less vulnerability to competitive marketing actions
Less vulnerability to marketing crises
Larger margins
More inelastic consumer response to price increases
More elastic consumer response to price decreases
Greater trade cooperation and support
Increased marketing communication effectiveness
Additional brand extension opportunities

Source: Keller (1998: 53)

2.8 BRAND EXTENSIONS AS A BENEFIT OF BRAND EQUITY

The ultimate success of a brand extension normally depend on its ability to both achieve some of its own brand equity in the new category as well as contribute to the brand equity of the original brand (Keller, 1998: 472). In order for brand equity of the extension to be

created, the brand extension must have a sufficient high level of awareness and some strong, favourable, and unique associations among consumers. According to Ambler and Styles (1997: 226), highly valued brands, meaning those brands with higher brand equity, extend more successfully due to the fact that the original brand, from which the extended brand is modelled around, is well known by consumers. In return, the success of brand extensions results to positive effect on the original brand.

Brand extensions, in which existing brand names are used with new products introduced in different categories, continue to be used frequently by marketers for many reasons (Sheinin, 1998: 137). For example it is highly likely that consumers will accept the new products launched under well known brands much easier as opposed to products that are totally new in the market. Consumer familiarity with the existing original brand facilitates new brand extension product entry into the marketplace and helps the brand extension to capture new market segments quickly (Chung & Lavack, 1996: 24). An example is the Harley Davidson leather jacket which was successfully extended into the garments product category from its original category of motorcycles (Bhat, *et al.*, 1998: 41). Many firms have been using this strategy over the years to further leverage brand equity of the existing original brand to the benefit of the new extended brand.

Furthermore, increased competition in distribution channels and shelf space, and rising advertising costs have made new brand launches more difficult. Given this situation, using a familiar brand name to generate new product acceptance is an increasingly popular growth strategy as it enables firms to overcome these market forces (Nijssen,

1999: 450). For example, distributors and retailers are not skeptical to conclude business transactions when a recognised brand is at the heart of the discussions.

Brand extensions come in two primary forms, namely, horizontal extensions and vertical extensions. In a horizontal brand extension situation, an existing brand name is applied to a new product introduction in either a related product class, or in a product category completely new to the firm. They are normally termed line extensions. Diet Coke and Diet Pepsi are typical examples of line extensions since they focus on the diet conscious segment for Colas not served by their original brands, Coca Cola and Pepsi Cola respectively (Liu, 2002: 45). In a study on horizontal brand extensions (Aaker and Keller, 1990), it was found that even a small amount of information on an attribute of the original brand leads to a more favourable evaluation of the brand extension.

A vertical brand extension, on the other hand, involves introducing a brand extension in the same product category as the original brand, but at a different price point and quality level. Vertical brand extensions can go in one of two directions, namely, step-up or step-down. A step-up brand extension is introduced at a higher quality level and price point than the original brand, while a step-down brand extension is introduced at a lower quality level and price point than the original brand (Liu, 2002: 45). A typical example of the latter approach is the South African Airways low cost airline, Mango.

It is generally believed that linking the vertical extension with the original brand will be helpful in gaining consumer acceptance and confidence for the newly launched brand

extension provided that consumers perceive a degree of similarity/fit in terms of product and non-product related attributes between the original brand and brand extension (Alba & Broniarczyk, 1994: 216). Keller (1998: 453) classifies brand extensions into two categories:

- **Line extension** is when the original brand is used to brand a new product that targets a new market segment within a product category currently served by the original brand.
- **Brand extension** is when the original brand is used to enter a different product category from that currently served by the original brand.

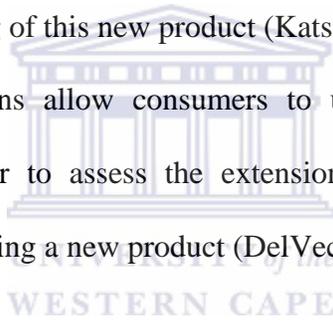
2.9 THE REASONS WHY FIRMS EMBARK ON A BRAND EXTENSION STRATEGY



In several product categories, more than 80% of new product introductions are brand extensions (Chowdhury, 2006: 1). There are several rationales as discussed below for extending existing brands rather than launching new ones:

- Firstly, the escalating cost of establishing brands in a competitive market and the number of available brands to consumers to choose from creates greater pressure to the firm to leverage existing brands into new product categories (Aaker & Keller, 1992). The rationale behind introducing new products in this manner is that the probability of the success for the brand extension is higher if it is aligned to a recognised brand.

- Secondly, in an increasingly congested marketplace, brand extensions allow firms' brands to hold more shelf space in retail and distribution outlets and retain a presence in the consumers' mind (Chowdhury, 2006).
- Thirdly, launching a new product normally requires a substantial amount of marketing and advertising spend. Using a brand extension strategy enables a firm to take advantage of spill over of advertising and marketing of the original brand that ultimately benefits the brand extension. For example, Diet Cherry Coke benefited from the advertising and familiar packaging of Diet Coke. Without consumers seeing a television advert for Diet Cherry Coke, they could easily recognise the packaging of this new product (Katsanis & Pitta, 1995: 58).
- Lastly, brand extensions allow consumers to use past experiences with the original brand in order to assess the extension and thereby reduce the risk associated with purchasing a new product (DelVecchio, 1999: 2000).



Apart from the above, there are other motivations behind brand extensions. According to Ambler and Styles (1997: 229), some brand extensions come about as a result of detecting a consumer trend or need that is not yet catered for in the market. For example, brand extensions are launched as a result of market research conducted as part of a firms' standard category review which normally reveals a consumers' need that the current brand(s) is currently not satisfying.

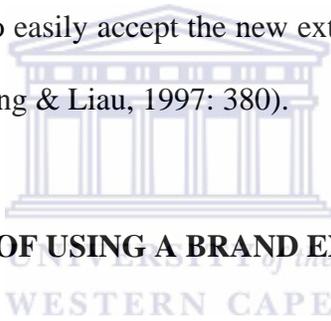
In some instances, brand extensions are a result of intense competition. In competitive environments, pioneering products or coming up with new products is often part of the

firms' strategy to stay ahead of its competitors. Firms take advantage of the brand extension strategy to modify either products within the firm or products of competitors in an effort to retain existing market share whilst in the meantime growing its current presence in the market. Moreover, this strategy enables a firm an opportunity to provide its consumers with products that satisfy their needs consistently. Clement, East, Hammond and Lomax (1997: 27) assert that brand extensions increase market size by bringing in new consumers, as a result of the greater product variety offered.

One of the determining factors of a profitable firm is its revenue at the end of each financial year. Brand extension products are developed to grow bottom-line revenue of the firm as they provide a wide range of alternatives for their consumers. Brand owners (firms) use existing brand names to launch new products with the implicit assumption that additional profit will be earned due to the anticipated sales of these new extended brands (Clemente, *et al.*, 1997: 27). This can be attributed to the fact that consumer evaluations of a brand extension is frequently described by a transfer process in which original brand associations are conveyed to the brand extension. Sattler and Volckner (2006: 18) state that extending brands both within and beyond the original brand is deemed to be profitable, because in general, it is assumed that brands that are already known and recognised require lower new product introduction expenses, such as advertising, trade deals, and price promotions. Thus, brand extension strategy enables firms to create new market segments without the expense of launching a totally new and unfamiliar brand. This can result to a decrease in costs of gaining distribution and/or increase in revenue (Brandon, Forney & Park, 2005: 157).

Brand extensions are also beneficial to the original brand. To substantiate on this premise, the new associations and perceptions of brand extensions may reinforce existing associations of the original brand, leading to more favourable evaluation of the original brand. This situation occurs in instances where the brand extension is similar to the original brand and when the quality of the extension is consistent with the quality of the original brand (Bhat & Zimmer, 2004: 38).

It is therefore evident that brand extension products enter the market from a position of strength as a result of the reputation of the original brand, thus reducing the risk of failure as consumers are more likely to easily accept the new extended product due to the image of the original brand (Ang, Leong & Liau, 1997: 380).



2.10 THE LIMITATIONS OF USING A BRAND EXTENSION STRATEGY

While there have been several successful extensions such as Caterpillar shoes from Caterpillar heavy machinery and Harley Davidson jackets from Harley Davidson motorcycles, there have been several marketplace failures such as Campbell's' tomato sauce extension from Campbell's' soup and Bic perfume extension from Bic ballpoint (de Chernatony, *et al.*, 2003: 4).

From the brand extension literature, it can be concluded that brand extensions can be successfully used as part of either a growth or defensive strategy. The risk, however, is that the brand extension strategy can have negative effects towards the original brand if

the new associations created about the extended brand damage consumers' attitudes towards the original brand.

Tarnishing the image of the original brand is therefore one of the major concerns that marketers should have when deciding to extend a brand. Brand extension risks range from outright failure to partial failures such as cannibalism of original brand's sales (Katsanis & Pitta, 1995: 51). A consequence of this failure can result to the tarnishing of the brand image and reduction of the brand equity of the original brand. For example, a brand extension may damage the original brand's equity if consumers find the extension to be of poor quality in relation to that of the original brand (Bhat, *et al.*, 1998: 42).

Ang, *et al.*, (1997: 380), equally warn that unsuccessful extension of brands may not only damage the reputation of the extended brand but can also dilute the value of the original brand and most importantly, the firm's reputation. In order for firms to avoid this situation, there should be similarity/fit in terms of a number of shared and similar product features such as functions, packaging, application or use, and benefits between the original brand and brand extension (Milberg, McCarthy and Park, 1997: 120). According to Bhat and Zimmer (2004: 39), an extension with poor similarity/fit may evoke associations that are dissimilar from those of the original brand and damage the brands' image. In addition, an extension with poor similarity/fit may strain the credibility of the original brand or create the perception among consumers that the firm is not providing them with a product that is of good quality. Such negative associations can lead to more

negative attitude of consumers toward the original brand and ultimately resulting to failure of the brand extension.

Excessive cannibalisation is one of the most common arguments against extending a brand. Common branding between two brands implies similarity and in turn, similarity invites replacement (Buday, 1989: 29). Clemente, *et al.*, (1997: 27) state that cannibalisation occurs when new extended brand sales are generated at the expense of the original brand sales. In contrast, Speed (1998) asserts that cannibalisation does not occur in brand extensions when the new product is in a different and non-substitutable category from the original brand, but only in line extensions the potential for cannibalisation is present. This is supported by Clemente, *et al.*, (1997) who maintain that in order to minimise cannibalisation, firms must ensure that the new extended brand fill a different market niche, preferably one that is unfilled or that is currently occupied by competitors. This market niche must be sufficiently different from the original brand to prevent the migration of customers from the original brand to the new brand extension. The summary of benefits and limitations of using a brand extension strategy is illustrated in Table 2.4.

Consumer evaluations of brand extensions are influenced by their perceptions of the risk associated with the new extended product. They normally prefer brand extensions that are derived from well-known original brands since they reduce the negative consequences from making a wrong purchasing decision. Having said that, extending a brand from a well-known original brand is not a guarantee to the firm that the new product will be

successful in the market. In the following section, factors that must be considered in order to extend a brand successfully are discussed.

TABLE 2.4: Summary of benefits/limitations analysis of brand extensions and original brands

Benefits of brand extension	Limitations of brand extension
Lower cost to build-up brand awareness	Lack of funds to launch the new product.
Lower cost to achieve target trial levels	Over-estimation of benefits
Communication efficiencies as profile of original brand is already known	Can encounter retailer resistance
Higher acceptance of extension from established brand associations, e.g. quality	Can fail and tarnish the original brand image
Brand positioning can be strengthened	
Effective defence against rivals	
Increased bargaining power with retailers	
Benefits of brand extension to original brand	Limitations of brand extension to original brand
Clarify brand meaning	Can dilute brand meaning
Enhance the original brand image	Cannibalization of existing product lines by brand extension product
Bring new customers into brand franchise and increase market coverage	Intertwined reputations of various product lines, which could lead to negative publicity for original brand if the brand extension product is not successful
Revitalise the original brand and permit subsequent extensions	

Source: Ambler and Styles (1997: 224)

2.11 FACTORS TO CONSIDER WHEN USING A BRAND EXTENSION STRATEGY

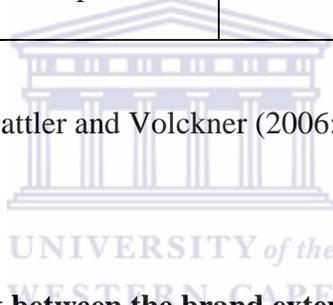
Determinants of successful brand extensions begin with the assumption that a brand is a collection of associations which consist of attributes, benefits, and attitudes that become connected to the brand name as a consequence of marketing communications, personal interactions, and direct experience with the brand. In order for brands to be successfully extended into other categories, they should have favourable, strong, and unique associations that surpass competing brands (Janiszewski and Meyvis, 2004: 347).

Studies conducted by Aaker and Keller, (1990), Ang, *et al.*, (1997), Ambler and Styles, (1997), and Sattler and Volckner, (2006) conclude that consumers' acceptance of a brand extension increases if: first, there is a perceived similarity/fit between the extended brand and the original brand in terms of product and non-product related attributes; and second, the original brand is perceived as being of high quality (see Table 2.5 below). A brand extension may not benefit from original brand reputation if consumers perceive that the new product does not fit or is not similar to the original brand in terms of the brand image (Aaker and Keller, 1990).

TABLE 2.5: Summary of success factors of brand extensions

Similarity/fit factor	Quality factor
<p>If the similarity between original brand and brand extension is high in terms of product and non-product related attributes, the extended product is likely to be successful.</p> <p>Similarity can be determined by looking at among other aspects, the following:</p> <ul style="list-style-type: none"> ▪ High global similarity in terms of brand image. ▪ High ability of the firm that produces the original brand to make a product in the extension product class. ▪ High relevance of the extended associations for the extension product. 	<p>If the quality of the original brand is high, it is highly likely that consumers will perceive the brand extension product as a good quality brand</p>

Source: Adapted from: Sattler and Volckner (2006: 21)



2.11.1 Perceived similarity/fit between the brand extension and original brand

To understand this similarity/fit concept further, below are various definitions that have been discussed in the literature:

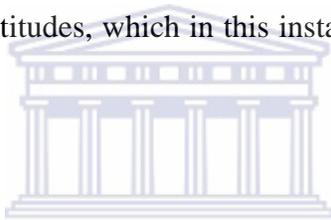
Aaker and Keller (1990: 27) define this concept as:

“the similarity or overlap between the original brand and extension category.”

Kim (2003: 462) defines similarity/fit as:

“the connection of any salient and relevant original brand association to the brand extension.”

Consumers may evaluate the similarity/fit between the original brand and its extension with a focus on product related associations such as features, performance, packaging, and benefits as well as non-product-related associations such as price, usage situations, user imagery, feelings and experiences, and brand personality (Blunden, *et al.*, 2004: 42). When consumers perceive a good similarity/fit between the original brand and the extended brand, they are likely to use less effort in forming attitudes, basing them more on brand liking and less on beliefs about attributes, thus simplifying their evaluative process. However, when consumers do not perceive good similarity/fit, brand liking is used less in attitude formation. Instead, individuals are likely to rely more on their beliefs about attributes to form their attitudes, which in this instance, could be negative (Bristol, 2002: 98).



According to de Chernatony, *et al.*, (2003: 787), the greater the similarity/fit between the original brand and brand extension, the greater the transfer of positive (or negative) affect to the extended brand. This finding is based on the assumption that consumers develop more favourable attitudes towards brand extensions if they perceive high congruence between the extension and the original brand. Any extension distant from the original product category may risk diluting the strength of the association of the original brand with the extended product category. For example, Cadbury's association with fine chocolates and candy weakened when it went into mainstream food products such as mashed potatoes, dried milk, soups, and beverages because of perceived lack of similarity/fit (Ang, *et al.*, 1997: 380).

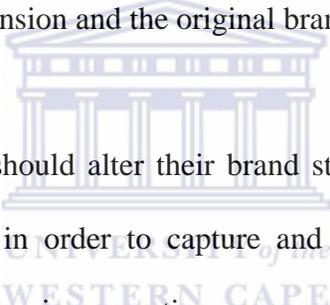
Therefore, similarity/fit between brand extension and original brand is important as dissimilarity can lead to negative consumer attitudes when extended brand are evaluated. According to Diamantopoulos, Grime and Smith (2002: 1426), favourable consumer evaluations of an extension require the original brand to have a good similarity/fit with the new extended brand. He suggests that if an extension is introduced with a good fit, is aimed at the appropriate consumer segments, and is extended to the most relevant categories, then both the original brand and brand extensions' image should be enhanced.

2.11.2 Perceived overall quality of the brand extension in relation to the original brand

Chowdhury (2006) defines perceived quality as a global assessment of a consumer's judgment about the superiority or excellence of a product. According to Aaker and Keller (1990: 29), the impact of perceived quality on the attitude toward the extension should be unambiguously positive. If the original brand is associated with high quality, the brand extension should benefit; if the original brand is associated with inferior quality, the brand extension should be harmed. The relationship between perceived quality and the positive attitude towards the extension is only shown in the case of perceived similarity/fit between the original brand and the extended brand. Original brands that are extended to new brands into increasingly dissimilar categories may fail, and such unsuccessful extensions may weaken brand associations as well as lead to negative affect towards original brand (Milberg, *et al.*, 1997: 120). The quality of the original brand and the perceived similarity/fit between the original brand and the product extension are highly important brand extension success factors (Sattler & Volckner, 2006).

2.12 CONCLUSION

The premise for extending an existing brand name is that consumers use their beliefs about the original brand to draw conclusions about the extended brand. Therefore, it is important that there is synergy between the brand extension and the original brand. These synergies can be achieved if the quality of the brand extension is high or in line with the original brands' quality standards. Furthermore, there should be similarity in terms of product related attributes and non-product related attributes between the brand extension and original brand. This will enable consumers to make purchasing decisions that will be favorable to both the brand extension and the original brand.



Firms that invest in branding should alter their brand strategy according to changes in consumer purchasing patterns in order to capture and keep the consumers attention. Although a brand extension helps in generating consumer acceptance for a new product by linking the new product with a well-known brand, it also risks diluting the original brand image by impeding or harming the equity, which has been built around the original brand name (Aaker and Keller, 1990: 27). An inappropriate brand extension could damage the image of the original brand to the detriment of the firm, hence it is critical for firms to consider factors such as similarity in terms of product quality and features between original brand and brand extension in order to stimulate product trial and product acceptance by consumers.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This chapter describes how the research study was conducted. The research problem and the hypotheses developed are stated, the sampling method is discussed, and finally, the method of data collection and the statistical techniques used to analyse the data are explained.

3.2 OPERATIONALISATION OF THE CONSTRUCTS USED IN THIS STUDY



3.2.1 The operationalisation of perceived overall quality

In this study, perceived overall quality is operationalised in terms of respondents' ratings of product and non-product related attributes such as friendly, useful, gentle, natural, superior, good, pleasant, tasty, likeable and comfortable.

3.2.2 The operationalisation of perceived similarity/fit

In this study, perceived similarity/fit is operationalised in terms of respondents' perception that:

- the brand extension share similar salient product and non-product related attributes or features with the original brand.

3.3 STATEMENT OF THE RESEARCH PROBLEM

In brand extension research, it is evident that a brand can be successfully extended into new product categories when firstly, there is consistency in terms of perceived similarity/fit between the extended brand and the original brand with regard to product and non-product related attributes and secondly, when perceived brand image and quality of the extended brand is congruent with that of the original brand (Bristol, 2002: 198).

Several studies have concluded that the greater the similarity/fit between the original brand and the extended brand, the greater the transfer of a positive (or negative) affect to the extended brand (Aaker & Keller, 1990; Barrett, Lye and Venkateswarlu, 1999; Martinez & Pina, 2003; and James, 2006). This conclusion is based on the premise that consumers will develop more favourable attitudes towards brand extensions if they perceive high congruence between the extension and the original brand as far as product and non-product related attributes are concerned (de Chernatony, *et al.*, 2003: 787).

Aaker and Keller (1990) postulate that the relationship of a positive quality image for the original brand with the evaluation of a brand extension was strong only when there was a basis of similarity/fit between the two product classes. It is necessary to validate these findings in South Africa using an international brand such as Nike because the image

South African respondents have of this international brand may be relatively stronger to an extent that they exhibit a favourable attitude towards the Nike extensions irrespective of whether there is a basis of similarity/fit or not with the Nike original brand. In developing countries, for example, Bearden and Etzel, (1982) have found non-local products or brands more desirable and acquire higher status than local products among consumers. Therefore, it may be interesting to see if the local respondents will have a favourable attitude towards these brands irrespective of whether they complement each other or not due to the status or image that consumers may uphold of the Nike brand.

3.4 THE HYPOTHESES



In line with the discussed statement of the research problem of this study, the following two hypotheses are proposed:

3.4.1 Hypothesis 1

The overall perceived quality of Nike extended brands will be congruent to that of the original brand.

Keller (1998: 176) defines perceived overall quality as:

“consumers’ perceptions of the overall quality or superiority of a product or service relative to relevant attributes and with respect to its intended purpose”.

3.4.2 Hypothesis 2

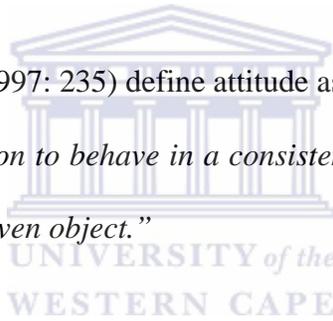
The attitude towards Nike extended brands will be favourable when the perceived similarity/fit between the extension and the original brand is good.

de Chernatony, *et al.*, (2003: 786) define similarity/fit as:

“degree to which consumers perceive the brand extension product-based aspects such as features or attributes as similar to the features or attributes of the original brand.”

Schiffman and Lazar-Kanuk (1997: 235) define attitude as:

“a learned predisposition to behave in a consistently favourable or unfavourable way with respect to a given object.”



3.5 THE RESEARCH QUESTIONS

In order to understand how consumers perceive brand extensions in relation to their corresponding original brand, one needs to identify the attributes that are meaningful to consumers as far as Nike is concerned. An identification of the meaningful attributes will be useful in rating the perceived quality of brand extensions in comparison to the original brand.

Measurement is also required of consumers' perceived similarity/fit between the brand extensions in relation to the original brand as well as the resulting impact on attitudes towards the extensions. The following research questions are therefore posed:

- Will consumers have the same overall quality perceptions about selected brand extensions (Nike camera, Nike socks, and Nike golf balls) in relation to the original brand (Nike athletic shoes)?
- How will the consumers' perception of the perceived similarity/fit between the brand extensions (Nike camera, Nike socks, and Nike golf balls) and the original brand (Nike athletic shoes) affect their attitude towards the brand extensions?

3.6 METHODS OF DATA COLLECTION

To find answers to the above questions, qualitative and quantitative research methods were used.



3.6.1 Qualitative method

The unstructured nature of qualitative research allows the researcher to collect in-depth data about the subjects' attitudes, beliefs, emotions, and perceptions, all of which may strongly influence their observable market behaviours (Bush, Hair & Ortinau, 2000: 216 – 217). Qualitative methods are also used to get insights of the associations consumers uphold of a brand without any more specific probe or cue than perhaps the associated product category (Keller, 1998: 311) through a qualitative technique called free associations.

To understand the associations consumers hold of Nike athletic shoes (original brand) so that these associations could be compared with those of the extensions, the free associations technique was used. Using this method, consumers were asked to write down what qualities and attributes come to their mind when they think of Nike athletic shoes. For example, questions 1 and 3, as illustrated in final version of the questionnaire (Appendix 2) are examples of the qualitative method in the form of free associations that was used in this study. Consumers' rating of the extensions with respect to their outlined associations of the original brand using quantitative methods can provide some indication of the relative strength, favourability, and similarity/fit of the extensions.

3.6.2 Quantitative method



Using open-ended questions, the qualitative method enabled respondents to express their opinions without being confined to certain guidelines in an effort to solicit as many possible and relevant associations or attributes. With quantitative methods, structured and closed-ended questions are used so that some accurate predictions about relationships between market and brand variables can be made. More so, meaningful insights into these relationships and their validation thereof can be drawn with the use of statistical analyses (Bush *et al.*, 2000: 216). For example, questions 4, 5 and 6, as illustrated in final version of the questionnaire (Appendix 2) are examples of the quantitative and structured questions used in this study. In question 2, for example, respondents were asked to rate how they perceived the overall quality of the Nike athletic shoes using a five-point Likert scale. A score of 1 represented poor while a score of 5 represented outstanding.

3.6.3 Questionnaire development

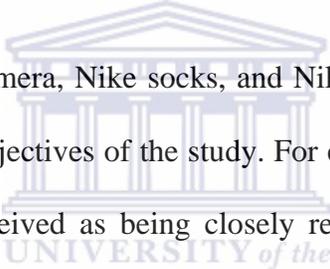
A questionnaire is a set of questions designed to generate the data necessary to accomplish the objectives of the study (Gates and McDaniel, 2007: 461). Despite Malhotra's (1997) concern about the lack of theory and scientific principles in constructing an optimal questionnaire, there are some benefits in using them (Brewer and Miller, 2003: 253). These benefits are outlined below:

- It guarantees confidentiality.
- It enables respondents to be free to answer in their own leisure time and at their own pace.
- It enables the researcher to collect large quantities of data from a considerable number of respondents over a relatively short period of time.
- Respondents are more willing to divulge their opinions when filling out an anonymous questionnaire.

Considering the above benefits, a questionnaire was used to collect both qualitative and quantitative data. The questionnaire was self administered and divided into two (2) sections. It contained both open-ended and close-ended questions. Section A contained questions which were aimed at soliciting personal information about the respondents such as gender, age, employment status, qualification level, name of faculty, and ethnic group. Section B consisted of eighteen questions (18) questions aimed at understanding

respondents' attitudes towards the three brand extensions (Nike camera, Nike socks, and Nike golf balls) in relation to the original brand (Nike athletic shoes).

Two hundred (200) questionnaires were distributed to students (respondents) across all the faculties of University of the Western Cape between 05 – 11 November 2007. Most students were keen to complete the questionnaire immediately but there were those who preferred to take the questionnaire with them to complete during their own spare time. In such instances, the researcher made arrangements to collect the questionnaire at a time convenient to the respondent(s).

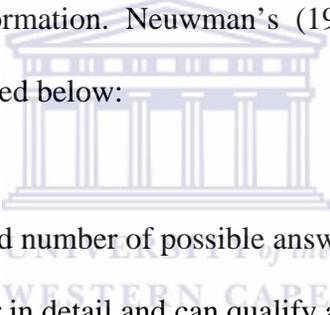


The brand extensions (Nike camera, Nike socks, and Nike golf balls) used in this study were chosen in line with the objectives of the study. For example, brand extensions were deliberately chosen to be perceived as being closely related or distant to the original brand. For example, Nike camera was chosen as a distant and fictitious brand extension to Nike athletic shoes in the sense that Nike is renowned for producing sports items such as shoes, socks, tracksuits to mention but a few. Therefore, it was anticipated that respondents would be skeptical about the credibility of Nike when it comes to technological products such as the camera. In this situation, it was expected that respondents would have a negative perception and attitude towards the Nike camera as a result of the perceived dissimilarity between Nike athletic shoes and Nike camera. Whereas, regarding Nike socks, it was anticipated that respondents would have a positive attitude towards this extension as a result of the similarity/fit that exists between socks and shoes. This was done to allow the researcher to be able to prove that consumers will have a positive attitude towards the brand extension if, firstly, it is perceived as being of

good quality and secondly, if the brand extension is perceived to be similar or relevant to the original brand.

3.6.3.1 Types of questions

As already mentioned, the questionnaire had both unstructured and structured questions in the form of open-ended and closed-ended questions that were used to gather qualitative and quantitative data respectively. The unstructured questions were used because they enabled respondents to express their opinions about the brands, thus providing the researcher with insightful information. Neuwman's (1997: 241) advantages of using open-ended questions are outlined below:

- 
- They permit an unlimited number of possible answers.
 - Respondents can answer in detail and can qualify and clarify responses.
 - Unanticipated findings can be discovered.
 - They permit creativity, self-expression, and richness of detail.

Structured questions were in the form of five-point Likert scale whereby respondents were required to indicate their degree of agreement or disagreement with each statement provided. For example, to assess the overall quality perception of each brand extension in relation to the original brand, a five-point Likert scale was used (1 = poor and 5 = outstanding). A second five-point scale was used to measure respondents' overall attitude towards the brand extensions in relation to the original brand (1 = unfavourable and 5 =

very favourable). Neuwman's (1997: 241) views of the advantages of using closed-ended questions are also outlined below:

- It is easier and quicker for respondents to answer question posed to them.
- The answers of different respondents are easier to compare.
- Answers are easier to code and statistically analyse.
- Replication of responses is easier to identify.

3.6.3.2 Pilot-testing

Pilot-testing is where a small number of interviews are carried out in the field to see if there are any aspects of the questionnaire which need to be revised (Hague, 1993: 95). According to Baker (2003), the purpose of pilot-testing lies in checking factors such as meaning of questions, task difficulty, respondent attention, and flow and order of questions. For a study that involves two hundred respondents or more, Hague (1993) recommends that between twenty (20) and fifty (50) interviews be conducted as a pilot study. Therefore, a draft version of the questionnaire was handed out to twenty (20) students (both undergraduate and postgraduate) enrolled at the University of the Western Cape across all faculties as part of the pilot phase.

Based on the feedback that was received from the pilot-testing of the questionnaire, changes were effected to the first version of the questionnaire such as inclusion of pictures for the brand extensions and the original brand so that respondents could better relate the questions to the brands. Some questions were rephrased, and others were

removed to shorten the length of the questionnaire. The piloted questionnaire (Appendix 1) as well as the final version of the questionnaire (Appendix 2) is attached.

3.6.3.3 Response rate

A self-administered questionnaire offers a relatively cheap method of data collection as it is intended for the respondents to complete it themselves. As a consequence, once the questionnaire is sent out after the pilot work, the researcher has little control over who completes the questionnaire properly, thus resulting to a low response rate (May, 1997: 89). In general, response rates will be low if the respondent has no authority to respond, no capacity to respond (access to information) and no motivation to respond (if the subject is of no interest to the respondent) (Gray, 2005: 118). This assertion is supported by May (1997: 90) who states that unless respondents have an incentive, either through an interest in the subject which the study is covering or some other basis, then the response rate is likely to be low. In this study, even though all two hundred (200) questionnaires were returned, this did not constitute a 100% response rate. Out of the two hundred (200) questionnaires, fifty three (53) of them were completed incorrectly as different questions which are important in this study were not answered by the respondents. This means that one hundred and forty seven (147) questionnaires were deemed appropriate to be used to achieve the purpose of the study. Therefore, the response rate in this instance was seventy four percent (74%).

3.7 THE SAMPLE FRAME, SAMPLE SIZE AND SAMPLING METHOD

The main sample frame consisted of undergraduate and postgraduate students drawn from all the faculties in the University of the Western Cape and of age between 10 – 39 who were employed and unemployed. The sample size was two hundred (200) because of budget and time constraints.

Time and budget constraints also left the researcher with the choice of a non-probability sampling method in the form of convenience sampling. With convenience sampling, the selection of sampling units is left primarily to the researcher. Often, respondents are selected because they happen to be in the right place at the right time (Malhotra, 1999: 335). This method allows a large number of respondents to be interviewed in a relatively short period of time, thus saving valuable time and money that could have been spent in an effort to get the required information (Bush, *et al.*, 2000: 355).

Using this method has limitations though. According to Malhotra (1999: 335), the sample is not representative of the general population but however, it is a useful tool that can be used in exploratory research for generating ideas, insights, and hypotheses. Table 3.1 below presents the sample characteristics of this study.

TABLE 3.1 Sample characteristics

Demographic details	Number (n)	%
Gender		
Female	71	48%
Male	76	52%
Total	147	100%
Age		
10-19	34	23%
20-29	100	68%
30-39	13	9%
Total	147	100%
Employment status		
Employed	28	19%
Unemployed	119	81%
Total	147	100%
Qualification level		
Undergraduate	118	80%
Postgraduate	29	20%
Total	147	100%
Name of faculty		
Arts	25	17%
Community & Health Sciences	27	18%
Dentistry	4	3%
Economic & Management Sciences	38	26%

Education	3	2%
Law	16	11%
Natural Sciences	34	23%
Total	147	100%
Ethnic group		
Black/African	116	79%
Coloured	24	16%
White	3	2%
Indian	3	2%
Other	1	1%
Total	147	100%

Looking at the sample characteristics as illustrated in Table 3.1, there is a fair distribution of gender as seventy one (71) and seventy six (76) of the one hundred and forty seven (147) respondents were females and males respectively. In terms of age, one hundred (100) respondents were between the age group of 20 – 29 and followed by thirty four (34) respondents who were in the age group of 10 – 19 while thirteen (13) respondents were between the age group of 30 – 39.

In terms of faculties, the Economic & Management Sciences (n=38), Natural Sciences (n=34), Arts (n=25), Community & Health Sciences (n= 27), and Law (n=16) constituted most of the respondents that took part in this study (see Table 3.1).

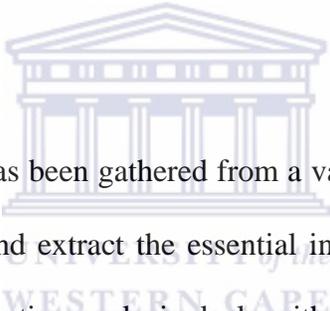
In terms of the ethnic groups, a significant one hundred and sixteen (116) African/Black and twenty four (24) Coloured respondents formed part of this study. The main reason

that resulted to this situation is the fact that the majority of students who are enrolled at the University of the Western Cape are from previously disadvantaged backgrounds.

3.8 METHODS USED TO ANALYSE THE DATA

The Microsoft Excel software package in combination with the Statistical Package for Social Sciences (SPSS) 16.0 for Windows were utilised for statistical analysis of the research data. The methods used to analyse the data are discussed in detail below.

3.8.1 Descriptive Statistics



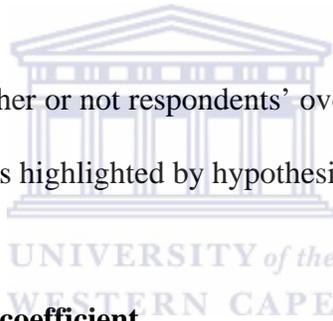
When a large volume of data has been gathered from a variety of sources, then there is a need to organise, summarise and extract the essential information contained within the data (Wegner, 1995: 5). Descriptive analysis deals with the transformation of raw data into a form that will make it easy to understand and interpret, and most importantly, to address specific research questions. Tabulations, frequency distributions, and percentage distributions are the most common ways to summarise data (Zikmund, 2000: 580). Tabulation is done by counting the number of responses to a question and arranging them in a frequency distribution. Tabulations represent the most basic level of data analysis, so basic, in fact, that people sometimes do not think of tabulations as a form of data analysis (Blair and Sudman, 1998: 450). Zikmund (2000: 581) and Parasuraman (1986: 580) state that even though this form of analysis is basic, its findings cannot be doubted as it

provides the researcher with valuable insights and most useful information through comparisons among the relevant distributions.

Therefore, for the purpose of this study, tabulation, frequencies and percentage distributions were performed to:

- Measure respondents' quality perceptions of Nike extensions in relation to the Nike original brand (see Questions 4; 9; and 14 on Appendix 2).
- Measure respondents' perceived similarity/fit of the Nike extensions with the Nike original brand (see Questions 6; 11; and 16 on Appendix 2).

This was done to find out whether or not respondents' overall quality perceptions met the expectations of the researcher as highlighted by hypothesis 1.



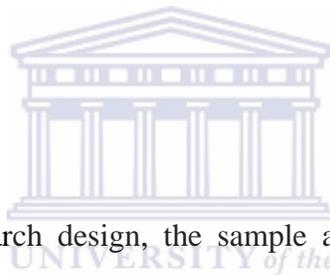
3.8.2 Spearman correlation coefficient

In this study, the relationship between pairs of variables, such as the perceived overall quality of the brand extensions in relation to the perceived quality of the original brand (hypothesis 1) as well as respondents' attitude towards brand extensions based on their perceived similarity/fit between the extensions and the original brand (hypothesis 2) was examined. Since the questions measuring perceived quality and attitude based on similarity/fit are of ordinal scale, the Spearman's correlation coefficient was deemed as the appropriate statistical method to measure the strength of the relationship between these pairs of variables. This method was used to:

- Measure respondents' overall quality perceptions of Nike extensions in relation to the Nike original brand (see Questions 4; 9; and 14 on Appendix 2).
- Measure respondents' attitude towards Nike extensions based on their perceived similarity/fit with the Nike original brand (see Questions 5; 6; 7; 10; 11; 12; 15; 16; and 17 on Appendix 2).

This was done to find out whether or not the attitude of the respondents was favourable towards the brand extensions perceived to be similar to original brand as highlighted by hypothesis 2.

3.9 CONCLUSION



Chapter 3 explained the research design, the sample and the procedure employed to collect data. The chapter also discussed the measuring instruments used. The statistical packages and techniques used to test the research hypotheses were described. The next section, Chapter 4, will present and discuss the findings.

CHAPTER 4

DISCUSSION OF THE RESEARCH RESULTS

4.1 INTRODUCTION

The previous chapter discussed the research methodology used to undertake the study. This chapter focuses on presenting and discussing the main research findings. The first part of the chapter briefly highlights the research hypotheses that prompted this study as well as the research questions that the researcher wanted to answer. The second part of the chapter discusses the views of the respondents based on the open-ended questions which were posed to them. The third part of the chapter presents the quantitative results from the closed-ended questions by means of descriptive statistics and the Spearman correlation coefficient.

4.2 RECAPPING OF THE HYPOTHESES AND THE RESEARCH QUESTIONS

The following section is a summary of the hypotheses developed and the research questions of the study as discussed previously in Chapter 3. Hypothesis 1 stated that the overall perceived quality of Nike extended brands (Nike camera, Nike socks, and Nike golf balls) will be congruent to that of the original brand (Nike athletic shoes). This means that if respondents felt that the quality of the original brand was good, the same

reaction from the respondents was expected when the relevant brand extensions were evaluated.

As discussed in Chapter 2, one of the determinants of respondents having consistent reactions towards brand extensions in relation to the original brand is their perceived similarity or brand fit between the extension and the original brand. Based on this assertion, hypothesis 2 stated that the attitude towards the extended brands will be favourable provided there is a perceived similarity/fit between the brand extensions and the corresponding original brand.

In line with the hypotheses, two (2) research questions were developed as a guideline to this study. They were as follows:

- Will consumers have the same quality perceptions about selected brand extensions in relation to the original brand?
- How will the consumers' perceived similarity/fit between the brand extensions and the original brand affect their attitude towards the brand extensions?

4.3 RESPONDENTS' GENERAL PERCEPTIONS OF NIKE ATHLETIC SHOES (ORIGINAL BRAND)

The objective of the qualitative data gathering in this study was to determine what types of associations would emerge about the original brand so that one could assess whether attributes of a quality product would be indicated. In this study a quality product was operationalised in terms of respondents' rating and mentioning of product and non-

product related attributes such as friendly, useful, gentle, natural, superior, good, pleasant, likeable and comfortable.

In order to understand associations that respondents have about the Nike athletic shoes, they were asked the following question:

Consider the following brand, Nike athletic shoes:



Please write down what qualities or attributes come to your mind when you think about Nike athletic shoes:

Nike athletic shoes were perceived by the respondents as being of good quality with 44% of them mentioning this attribute. In line with the quality attribute, a further 35% of the respondents made mention that the shoes are comfortable, fashionable and stylish while 16% regarded the shoes as being expensive. Only 1% of the respondents had unfavourable response about the shoes as they mentioned that they do not like the item. Table 4.1 below presents the summary of respondents' open-ended associations for Nike athletic shoes.

TABLE 4.1: Summary of brand associations for original brand, Nike athletic shoes

Nike athletic shoes (original brand)	Frequency responses	%
Good quality	65	44%
Expensive	24	16%
Comfortable	26	18%
Fashionable and stylish	25	17%
Don't like them	2	1%
Sporty	5	3%
Total	147	100%

4.4 RESPONDENTS' GENERAL PERCEPTIONS OF NIKE BRAND EXTENSIONS

In order to assess whether quality associations for Nike athletic shoes (original brand) would be some of the attributes also perceived of the Nike brand extensions, the same open-ended question was asked of the brand extensions as shown below:

Please write down what qualities or attributes come to your mind when you think about the following Nike products.

Nike camera



Nike socks



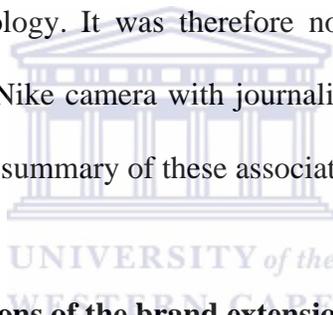
Nike golf balls



Responses to the above questions are presented in section 4.4.1 to 4.4.3.

4.4.1 Respondents' perceptions of the brand extension, Nike camera

A considerable number of respondents (55%) perceived Nike camera to be of high quality, to be a strong and durable item that captures good quality pictures. In contrast to their perception of Nike athletic shoes, 25% associated the camera with poor quality. The reason could be that these respondents may not have understood or imagined Nike's capability of producing credible cameras considering that Nike's expertise is in sport clothing as opposed to technology. It was therefore not surprising to note that some respondents (13%) associated Nike camera with journalism, photography, camping, and not sports. Table 4.2 presents a summary of these associations.



4.4.2 Respondents' perceptions of the brand extension, Nike socks

This brand extension was rated almost identical with its corresponding original brand, Nike athletic shoes. These socks were regarded by 47% of the respondents as high quality. Furthermore, 23% of the respondents mentioned that the socks are fashionable, stylish and expensive while 27% made mention of the fact that the socks were comfortable and warm. Table 4.2 presents the summary of these associations.

4.4.3 Respondents' perceptions of the brand extension, Nike golf balls

Even though this brand extension was perceived as being of good quality and durable by 35% of the respondents as depicted in Table 4.2, it is important to note that 40% of the respondents mentioned that the quality is poor. This perception could have stemmed from the fact that the extension was fictitious. Thus the 35% who regarded it to be durable and of good quality could have been influenced by the image they uphold of the original brand (Nike athletic shoes). Eighteen percent (18%) of the respondents highlighted that they associate this brand extension with sport that is expensive and played by rich people while 6% of the respondents mentioned that they had never seen the product before.

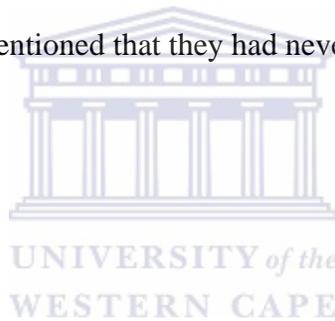


TABLE 4.2: Summary of general associations for Nike brand extensions

Nike camera	Frequency responses	%	Nike socks	Frequency responses	%	Nike golf balls	Frequency responses	%
High quality and takes good pictures	70	48%	Good quality	69	47%	Durable	22	15%
Poor quality (Nike and cameras don't fit)	37	25%	Expensive	19	13%	Good quality	30	20%
Journalism and photography	10	7%	Fashionable and stylish	15	10%	Poor quality (not Nike area of expertise)	59	40%
Camping	9	6%	Comfortable	22	15%	Sport for status orientated people and expensive	15	10%
Strong and durable	10	7%	Warm	17	12%	Never seen the product	9	6%
Memories	3	2%	Sporty	5	3%	Sport	12	8%
Modernised and expensive	8	5%	Total	147	100%	Total	147	100%
Total	147	100%						

4.5 SPEARMAN CORRELATION COEFFICIENT RESULTS: PERCEIVED OVERALL QUALITY OF BRAND EXTENSIONS IN RELATION TO ORIGINAL BRAND

To evaluate the strength of the relationship between respondents' perceived overall quality of the brand extensions in relation to the perceived overall quality of the original brand, a Spearman's correlation coefficient (rs) was performed. Below are the results as well as the discussion thereof:

	Quality camera	Quality socks	Quality golf balls
Quality shoes	0.23445	0.46251	0.28629
Significance	0.0044	<.0001	0.0004
Observations	147	147	147

Of the three brand extensions as illustrated above, the degree to which respondents perceived the overall quality of Nike socks to be congruent to the original brand was moderate as illustrated by the Spearman's correlation value of 0.46. Moreover, the relationship between Nike socks perceived overall quality with that of Nike athletic shoes is further enhanced by the p-value of <0.0001 which signifies a significant relationship.

With regards to Nike camera and Nike golf balls, their p-values of 0.0044 and 0.0004 respectively signified a significant relationship. However, the strength of their relationship in relation to the original brand, Nike shoes was weak judging by the Spearman's correlation value of 0.23 for Nike camera and 0.29 for Nike golf balls. This means that their overall perceived quality was less perceived to be congruent to the original brand, Nike athletic shoes.

Over and above these results, it was imperative to also evaluate respondents' perceived overall quality of the brand extensions in relation to the original brand in terms of the frequency of responses and the mean scores. These results are presented in the following section.

4.6 RESPONDENTS' PERCEPTIONS OF THE OVERALL QUALITY OF NIKE ATHLETIC SHOES AND BRAND EXTENSIONS

Consumers who have strong perceptions of, and attitudes towards the quality of an original brand tend to transfer these associations to the new brand extension (James, 2006: 16). To measure the overall perceived quality of the brand extensions (Hypothesis 1), respondents were asked to assess the overall perceived quality of the original brand as well as the brand extensions using a five-point Likert scale (1 = poor quality, 5 = outstanding quality). The following close-ended question was asked for the original brand:

Using the scale of 1 to 5, indicate how you perceive the overall quality of the Nike athletic shoes brand. The responses to this question are contained in Table 4.3.

TABLE 4.3: The overall quality perceptions of Nike athletic shoes

Variables	Frequency responses	%
Poor	4	3%
Less than average	3	2%
Average	5	3%
Good	79	54%
Outstanding	56	38%
Total	147	100%

Respondents rated the quality of this original brand very highly. Ninety two percent (92%) of the respondents indicated that the overall quality of Nike athletic shoes is good and outstanding. Only a few respondents felt otherwise as just a mere 8% regarded the quality of this brand as average and poor. Moreover, the overall mean score of 4.22* for this original brand indicates that respondents perceived the overall quality of Nike athletic shoes as being good and outstanding.

4.6.1 Respondents' overall quality perception of Nike camera (brand extension)

In order to understand how respondents would rate the overall quality of the Nike camera, the following close-ended question was asked:

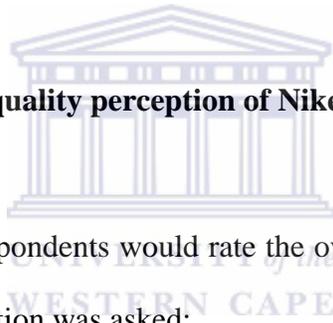
Using the scale of 1 to 5, indicate how you perceive the overall quality of the Nike camera brand. The responses to this question are contained in Table 4.4.

TABLE 4.4: The overall quality perceptions of Nike camera

Variables	Frequency responses	%
Poor	17	12%
Less than average	8	5%
Average	27	18%
Good	70	48%
Outstanding	25	17%
Total	147	100%

Note: * The mean score signify perceived good and outstanding quality

A different picture is painted in the Nike camera results when compared with its original brand. Contrary to Nike athletic shoes ratings, 35% of the respondents regarded the overall quality of this extension as being average and poor presumably because of the lack of similarity/fit with original brand or because this is a fictitious brand extension. 65% of the respondents felt that the quality of the brand extension is good and outstanding compared to the 92% of the respondents who regarded the quality of the original brand as being good and outstanding. Moreover, the overall mean score of 3.53* for this extension illustrates that respondents perceived the quality of Nike camera as being average and poor.



4.6.2 Respondents' overall quality perception of Nike socks (brand extension)

In order to understand how respondents would rate the overall quality of the Nike socks, the following close-ended question was asked:

Using the scale of 1 to 5, indicate how you perceive the overall quality of the Nike socks brand. The responses to this question are contained in Table 4.5.

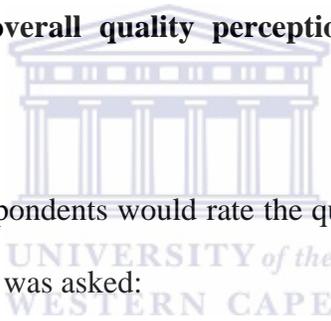
TABLE 4.5: The overall quality perceptions of Nike socks

Variables	Frequency responses	%
Poor	4	3%
Less than average	2	1%
Average	15	10%
Good	84	57%
Outstanding	42	29%
Total	147	100%

Note: * The mean score signify perceived average and poor quality

Even though 14% of the respondents perceived the quality of this extension as being average and poor, a substantial number of respondents (86%) alluded to the fact that they perceive the quality of this extension as being good and outstanding. This is line with the rating of the original brand (Nike athletic shoes) as 92% of the respondents regarded the original brand as being of good and outstanding quality. Over and above this, the mean score of 4.07* for this extension is testimony to the high rating of the quality of this extension as this indicates that respondents regarded the quality of Nike socks as good and outstanding.

4.6.3 Respondents' overall quality perception of Nike golf balls (brand extension)



In order to understand how respondents would rate the quality of the Nike golf balls, the following close-ended question was asked:

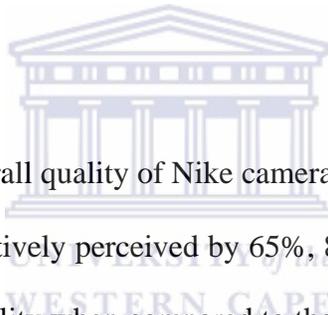
Using the scale of 1 to 5, indicate how you perceive the overall quality of the Nike golf balls brand. The responses to this question are contained in Table 4.6.

TABLE 4.6: The overall quality perceptions of Nike golf balls

Variables	Frequency responses	%
Poor	7	5%
Less than average	11	7%
Average	42	29%
Good	62	42%
Outstanding	25	17%
Total	147	100%

Note: *The mean score signify perceived good and outstanding quality

When respondents were asked to rate the quality of the Nike golf balls (fictitious brand extension) in relation to the quality of the Nike athletic shoes, 41% rated this extension as being of average and poor quality while 59% of the respondents rated the quality of the extension as being good and outstanding. In this instance, it is evident that almost 33% of the respondents regarded this extension as being of good and outstanding quality when compared to Nike athletic shoes which was rated by 92% of the respondents as being of good and outstanding quality. To further highlight the fact that this extension was not rated positively when the perceived overall quality was being evaluated, the mean score of 3.59* illustrates that this extension was regarded by the respondents as being of average and poor quality.



In summary, the perceived overall quality of Nike camera, Nike socks and Nike golf balls (brand extensions) were respectively perceived by 65%, 86%, and 59% of respondents to be of good and outstanding quality when compared to the perceived overall quality of the original brand, Nike athletic shoes (92%).

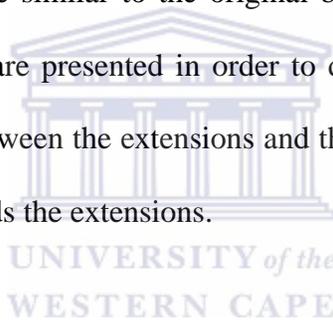
Despite the considerably high percentage of respondents who perceived the extensions to be of good and outstanding quality, the mean scores of 3.53*, 4.07**, and 3.59* for Nike camera, Nike socks, and Nike golf balls respectively indicate that only Nike socks' overall perceived quality was rated congruently with the perceived overall quality of the original brand, Nike athletic shoes.

Note: * The mean score signify perceived average and poor quality

Note: ** The mean score signify perceived good and outstanding quality

Based on the Spearman correlation coefficient results, frequency responses as well as the mean scores above, it can be affirmed that Hypothesis 1 is confirmed in the case of Nike socks and refuted for Nike camera and Nike golf balls.

The following section deals with evaluating respondents' perceptions of the similarity/fit between the extensions and the original brand and whether their perceptions would have an impact on their attitudes towards the extensions (Hypothesis 2). Frequency responses and mean scores are first presented in order to determine which extensions would be perceived by respondents to be similar to the original brand. Thereafter, the Spearman correlation coefficient results are presented in order to determine whether respondents' perceptions of similarity/fit between the extensions and the original brand would have an impact on their attitudes towards the extensions.



4.7 RESPONDENTS' PERCEPTIONS OF THE SIMILARITY/FIT OF BRAND EXTENSIONS WITH THE ORIGINAL BRAND

When evaluating extensions based on the perceived similarity/fit between the extension and the original brand, consumers may use their brand knowledge to relate the extension to the original brand (McCarthy, Milberg, and Park, 1997: 124). Brands that go together, that is, they match each other in similar and complimentary ways such as levels of technological expertise, image or associations should perform better than those who do not (James, 2006: 17). Dawar (1996: 193) also state that extensions may be evaluated for similarity/fit in terms of the consistency of the extension with the original brand.

Therefore, in this study perceived similarity/fit was operationalised in terms of respondents' perception that the brand extension share similar salient product and non-product related attributes or features with the original brand.

To measure respondents' perception of similarity/fit between the brand extensions and the original brand, respondents were asked to assess the degree to which they perceived the brand extensions and the original brand to be similar to each other. A five-point Likert scale (1 = strongly disagree and 5 = strongly agree) was used.

4.7.1 Respondents' perceived similarity/fit of Nike camera with Nike athletic shoes

In order to understand how respondents would rate their perceived similarity/fit of Nike camera with Nike athletic shoes, the following close-ended question was asked:

Using the scale of 1 to 5, indicate your level of agreement or disagreement whether or not you perceive Nike camera to be similar to Nike athletic shoes.

The responses to this question are contained in Table 4.7.

TABLE 4.7: Similarity/fit perceptions of Nike camera with Nike athletic shoes

Variables	Frequency responses	%
Strongly disagree	16	11%
Disagree	24	16%
Neither agree nor disagree	16	11%
Agree	56	38%
Strongly agree	35	24%
Total	147	100%

Sixty two percent (62%) of respondents highlighted that they agree and strongly agree with the sentiment that the extension is similar to the original brand. Twenty seven percent (27%) of the respondents disagreed and strongly disagreed with the notion that the extension is similar to the original brand. In support of this, the mean value of 3.48* signifies that respondents did not agree nor disagree with the statement that the brand extension is similar to the original brand.

4.7.2 Respondents' perceived similarity/fit of Nike socks with Nike athletic shoes

In order to understand how respondents would rate their perceived similarity/fit of Nike socks with Nike athletic shoes, the following close-ended question was asked:

Using the scale of 1 to 5, indicate your level of agreement or disagreement whether you perceive Nike socks to be similar to Nike athletic shoes.

The responses to this question are contained in Table 4.8.

TABLE 4.8: Similarity/fit perceptions of Nike socks with Nike athletic shoes

Variables	Frequency responses	%
Strongly disagree	2	1%
Disagree	3	2%
Neither agree nor disagree	11	7%
Agree	75	51%
Strongly agree	56	38%
Total	147	100%

Note: * The mean score signify that respondents neither agree nor disagree with the statement that Nike camera is similar to Nike athletic shoes

With regards to Nike socks, 89% of the respondents agreed and strongly agreed with the notion that this extension is similar to the original brand. Only 3% regarded the extension as not being similar to original brand. Moreover, the mean score of 4.22* further demonstrates that respondents agreed and strongly agreed with the claim that the extension is similar to the original brand.

4.7.3 Respondents' perceived similarity/fit of Nike golf balls with Nike athletic shoes

In order to understand how respondents would rate their perceived similarity/fit of Nike golf balls with Nike athletic shoes, the following close-ended question was asked:

Using the scale of 1 to 5, indicate your level of agreement or disagreement whether you perceive Nike golf balls to be similar to Nike athletic shoes.

The responses to this question are contained in Table 4.9.

TABLE 4.9: Similarity/fit perceptions of Nike golf balls with Nike athletic shoes

Variables	Frequency responses	%
Strongly disagree	8	5%
Disagree	9	6%
Neither agree nor disagree	40	27%
Agree	57	39%
Strongly agree	33	22%
Total	147	100%

Note: * The mean score signify that respondents agree and strongly agree with the statement that Nike socks are similar to Nike athletic shoes

With regards to Nike golf balls, 61% of the respondents agreed and strongly agreed with the notion that this extension is similar to the original brand, while 11% disagreed and strongly disagreed with the sentiment that the brand extension is similar to the original brand. Irrespective of the relatively high number of respondents (61%) who regarded the extension as similar to the original brand, the mean score of 3.67* reiterate the fact that respondents did not agree nor disagree with the statement that the extension is similar to the original brand.

From all the above analyses, it is worth noting that the brand extension ratings in terms of the perceived overall quality indicated that only Nike socks (mean score of 4.07) was rated congruently with original brand, Nike athletic shoes (mean score of 4.22) as being of good and outstanding quality. Most relevant to this section, the same extension (mean score of 4.22) was perceived by respondents to have a high similarity/fit with the original brand.

Based on this finding, it was anticipated that respondents would have a favourable attitude towards Nike socks and an unfavourable attitude towards Nike camera and Nike golf balls as a result of the weak perception that the two latter extensions are similar to the original brand. The next section provides the Spearman correlation coefficient results in line with this assertion.

Note: * The mean score signify that respondents neither agree nor disagree with the statement that Nike golf balls are similar to Nike athletic shoes

**4.8 SPEARMAN CORRELATION COEFFICIENT RESULTS:
RESPONDENTS' ATTITUDE MEASUREMENT TOWARDS BRAND
EXTENSIONS BASED ON THEIR PERCEIVED SIMILARITY/FIT WITH
ORIGINAL BRAND**

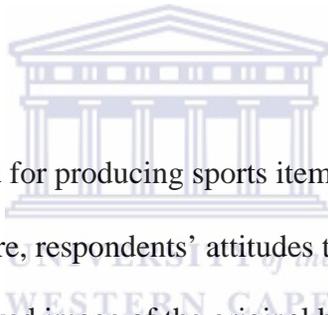
To evaluate respondents' attitude towards brand extensions based on their perceived similarity/fit between the extensions and the original brand, the Spearman's correlation coefficient was used. The results are presented below:

	Similarity/fit Nike camera	Similarity/fit Nike socks	Similarity/fit Nike golf balls
Attitude towards Nike camera	0.67026	0.22466	0.26686
Significance	<.0001	0.0062	0.0011
Observations	147	147	147
Attitude towards Nike socks	0.25044	0.61744	0.18725
Significance	0.0022	<.0001	0.0231
Observations	147	147	147
Attitude towards Nike golf balls	0.25343	0.27473	0.67042
Significance	0.0020	0.0008	<.0001
Observations	147	147	147

Interestingly, for all three pairs of interest (i.e. attitude towards Nike camera, Nike socks, and Nike golf balls based on the perceived similarity/fit with original brand), the p-values of 0.0022 for Nike camera; <.0001 for Nike socks; and 0.0231 for Nike golf balls above depict that there was a significant relationship in terms of the attitudes respondents had towards all the extensions based on their perceived similarity/fit. This means that

irrespective of the perceived similarity/fit or lack thereof between the extensions and the original brand, respondents had a favourable attitude towards all the brand extensions.

Furthermore, even though the perceived similarity/fit results of the extensions in relation to the original brand were only high for Nike socks (as discussed in section 4.7), respondents had a favourable attitude towards all the extensions regardless. This is demonstrated by the (r_s) values of 0.67 for Nike camera; 0.62 for Nike socks; and 0.67 for Nike golf balls which signify a strong relationship about the attitudes respondents have towards the extensions based on their perception that the extensions are similar to the original brand.



Nike as a company is renowned for producing sports items such as shoes, socks, t-shirts, tracksuits and so forth. Therefore, respondents' attitudes towards the extensions were also measured based on their perceived image of the original brand. The results are presented in the following section.

4.9 RESPONDENTS' ATTITUDE MEASUREMENT TOWARDS BRAND EXTENSIONS BASED ON THEIR PERCEIVED IMAGE OF THE ORIGINAL BRAND

To measure respondents' attitude towards brand extensions based on their perceived image of the original brand, a five-point Likert scale (1 = very unfavourable and 5 = very favourable) was used.

4.9.1 Respondents' attitudes towards Nike camera based on the perceived image of Nike athletic shoes

In order to understand what attitude respondents have towards Nike camera, the following close-ended question was asked:

Using the scale of 1 to 5, indicate how favourable is your overall attitude towards Nike camera considering your image of the Nike athletic shoes.

The responses to this question are contained in Table 4.10.

TABLE 4.10: Attitude towards Nike camera in relation to Nike athletic shoes

Variables	Frequency responses	%
Very unfavourable	10	7%
Unfavourable	21	14%
Neither favourable nor unfavourable	18	12%
Favourable	55	37%
Very favourable	43	29%
Total	147	100%

When respondents were asked about their attitude towards Nike camera (brand extension) in relation to the image they uphold of Nike athletic shoes (original brand), 21% of the respondents highlighted that their attitude towards the brand extension was unfavourable. A further 12% of the respondents were not sure as to whether they liked the extension or not. On a positive note though, 66% of the respondents mentioned that they have a favourable attitude towards the extension.

However, the overall mean score for the attitude of the brand extension in relation to the original brand was 3.67*, meaning that respondents neither had favourable nor unfavourable attitude towards Nike camera.

Irrespective of the ratings above, the following respondents' comments when they were asked about their opinions regarding their attitude towards Nike camera sounded to be unfavourable:

- *“now this is stupid because you would only be buying the brand name, Nike”*
- *“people would buy it because of the brand name, not because its good or what”*
- *“this does not make sense, Nike is only for clothes”*
- *“buying this item would be a waste of money”*

In contrast, there were respondents who demonstrated favourable attitude towards the brand extension and their comments were:

- *“if there is one, then it must be a good camera, making the job easier for the photographer by giving clear and clean pictures”*
- *“if the quality of the shoe is good, therefore the same goes to the camera because Nike brands are of good quality”*
- *“Nike is about quality so when I look at this camera I see a quality product that will last longer”*

Note: * The mean score signify a neither favourable nor unfavourable attitude towards Nike camera

4.9.2 Respondents' attitudes towards Nike socks based on the perceived image of Nike athletic shoes

In order to understand what attitude respondents have towards Nike socks, the following close-ended question was asked:

Using the scale of 1 to 5, indicate how favourable is your overall attitude towards Nike socks considering your image of the Nike athletic shoes.

The responses to this question are contained in Table 4.11.

TABLE 4.11: Attitude towards Nike socks in relation to Nike athletic shoes

Variables	Frequency responses	%
Very unfavourable	2	1%
Unfavourable	2	1%
Neither favourable nor unfavourable	8	5%
Favourable	76	52%
Very favourable	59	40%
Total	147	100%

Based on the responses contained in the table above, only 7% of the respondents had unfavourable attitude towards the brand extension in relation to the original brand. An overwhelming 92% of the respondents indicated that they had favourable attitude towards Nike socks (brand extension) in relation to the image they uphold of Nike athletic shoes (original brand). Furthermore, the overall mean for the attitude of the brand extension in relation to the original brand was 4.32* indicating a favourable attitude towards the extension.

Note: * The mean score signify a favourable and very favourable attitude towards Nike socks

When the attitude of the Nike camera and Nike golf balls extensions were evaluated, there were mixed feelings from respondents but looking at the attitude ratings of the Nike socks, the picture painted by the respondents is totally different. They rated Nike socks in relation to Nike athletic shoes in a very positive manner not only on the attitude aspect but also on perceived quality and perceived similarity/fit as discussed in the previous sections.

4.9.3 Respondents' attitudes towards Nike golf balls based on the perceived image of Nike shoes

In order to understand what attitude respondents have towards Nike golf balls, the following close-ended question was asked:

Using the scale of 1 to 5, indicate how favourable is your overall attitude towards Nike golf balls considering your image perception of the Nike athletic shoes.

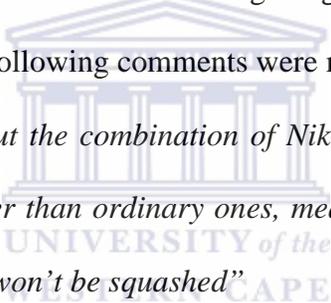
The responses to this question are contained in Table 4.12.

TABLE 4.12: Attitude towards Nike golf balls in relation to Nike athletic shoes

Variables	Frequency responses	%
Very unfavourable	6	4%
Unfavourable	18	12%
Neither favourable nor unfavourable	36	24%
Favourable	55	37%
Very favourable	32	22%
Total	147	100%

For Nike golf balls, it is important to note that only 59% of the respondents had a favourable attitude towards this extension. Sixteen percent (16%) of the respondents indicated an unfavourable attitude towards the brand extension while 24% were neutral. The overall mean value though for the attitude of Nike golf balls in relation to the original brand was 3.63*, indicating generally that respondents had neither favourable nor unfavourable attitude towards the extension.

The results for Nike golf balls were not significantly different to those of Nike camera and the common factor between the two extensions is the fact that they were fictitious and were perceived by the respondents of not having a high similarity/fit with the original brand. For Nike golf balls, the following comments were made by the respondents:

- 
- *“I am not sure about the combination of Nike and golf balls but I think the balls are much better than ordinary ones, meaning you can hit them as hard as you can but they won't be squashed”*
 - *“golf balls from Nike should be good”*
 - *“maybe because it's associated with sport, then it can fit somehow”*

To summarise this section, there were some elements of positive and negative comments from the respondents in rating their attitudes towards Nike extensions based on their perceived image of the original brand. However, this did not eliminate the fact that respondents indicated an overall unfavourable attitude towards Nike golf balls and Nike camera extensions (judging by their respective attitude mean scores of 3.63 and 3.67 respectively) in relation to their image of Nike athletic shoes. For Nike socks, respondents clearly demonstrated a favourable attitude judging by the mean score of 4.32.

Note: * The mean score signify a neither favourable nor unfavourable attitude towards Nike golf balls

Notwithstanding the following facts:

- that Nike socks was perceived to be highly similar to original brand, Nike shoes unlike Nike camera and Nike golf balls which were perceived to be poorly similar to original brand as demonstrated by the frequency responses and means scores,
- that Nike socks had a higher attitude mean score than Nike camera and Nike golf balls.

The fact that all the extensions (Nike camera, Nike socks, and Nike golf balls) demonstrated a significant and strong relationship in terms of p-values (p-value of 0.0022 for Nike camera, p-value of <.0001 for Nike socks, and p-value of 0.0231 for Nike golf balls) and Spearman correlation coefficients (r_s) values of 0.67 for Nike camera, 0.62 for Nike socks, and 0.67 for Nike golf balls indicate that irrespective of whether respondents perceived a similarity/fit or not between the brand extensions and the original brand, they nevertheless still had favourable attitude towards all the extensions. This means that similarity/fit played no part in respondents' attitude formation towards the brand extensions. This is in contrast with Hypothesis 2, which stated that the attitude of the respondents will be favourable only if they perceive a similarity/fit between the extension and the original brand.

Therefore, Hypothesis 2 is refuted as it cannot be affirmed by the results generated.

4.10 CONCLUSION

This chapter discussed the analysis and validation of the data collected in this study. The analysis of the data was conducted using descriptive statistics in the form of tabulations and frequency distributions. The Spearman correlation coefficient was also used to determine strength of the relationship between the pairs of variables. Section 4.3 to 4.9 summarised the findings with regards to the hypotheses that were formulated. From the discussions of research findings presented in this chapter, the researcher will establish the recommendations and implications of the study, the limitations of the study, the contribution of the study, and the suggestions for further research in Chapter 5.

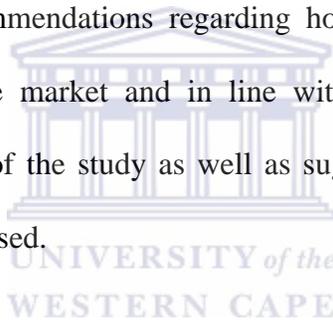


CHAPTER 5

DISCUSSION, RECOMMENDATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

5.1 INTRODUCTION

This chapter presents the conclusions drawn from descriptive statistics and the Spearman correlation coefficient between brand extensions and the original brand in quest to answer the research questions. Recommendations regarding how brand extensions should be introduced successfully in the market and in line with consumers' expectations are presented. Lastly, limitations of the study as well as suggestions for future research in terms of the findings are discussed.



5.2 DISCUSSION OF THE MOST IMPORTANT FINDINGS

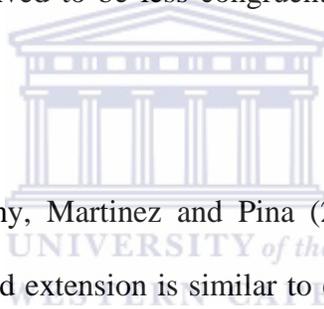
5.2.1 Introduction

The study intended to determine when respondents' would perceive the overall quality of the extensions congruently with the perceived overall quality of the original brand. Also, the study evaluated how the perceived similarity/fit between the brand extensions and the original brand would affect respondents' attitude towards the extensions. For example, in hypotheses 1 and 2, it was claimed that respondents' perception of the overall quality of the extensions will be congruent to that of the original brand and that their attitude

towards the brand extensions will be favourable only if there was a perceived similarity/fit between the brand extensions and the original brand.

5.2.2 Findings with regard to the overall perceived quality of the Nike brand extensions in relation to the Nike original brand

With regards to perceived overall quality of Nike extensions, only Nike socks overall perceived quality was perceived to be more congruent to that of the original brand, Nike athletic shoes. The overall perceived quality of other extensions, namely, Nike camera and Nike golf balls was perceived to be less congruent to the perceived quality of the original brand.



In the literature, de Chernatony, Martinez and Pina (2004: 5) highlighted that when consumers perceive that a brand extension is similar to original brand, they evaluate the brand extensions' overall quality in the same light as that of the original brand. They further purport that the main determinant of the perceived quality of the brand extension is the perceived quality of the original brand, hence the importance of having a brand extension that is similar to the original brand.

5.2.3 Findings with regard to the perceived similarity/fit of Nike brand extensions to original brand, and subsequent attitude towards the extensions in relation to the Nike original brand

Similarity/fit between the brand extension and the original brand is a central part of new product development (Bhat, *et al.*, 1998: 45). Aaker and Keller (1990) reported that a

brand extension and an original brand that fit together performed better than those extensions that do not display a degree of similarity/fit with the original brand. Moreover, James (2006: 17) asserts that consumer preference is likely to be higher for brand extensions when the degree of similarity/fit is perceived to be congruent to the original brand. When consumers perceive the brand extension to be distant to the original brand, they may have difficulties linking brand-derived beliefs they uphold of the original brand to the benefit of the brand extension (Sheinin 1998: 139). However, in this study, the results were not consistent with these assertions.

Nike socks were perceived to be strongly similar to the original brand, Nike athletic shoes. Whereas, for Nike camera and Nike golf balls, the opposite transpired as these extensions were not rated positively as respondents perceived the extensions not to be strongly similar to original brand. Based on these results, it was anticipated that respondents would have a favourable attitude towards Nike socks (brand extension) as opposed to the extensions (Nike camera and Nike golf balls) that were perceived not to be strongly similar to the original brand (Nike athletic shoes).

However, results indicated that despite the fact that respondents did not perceive Nike camera and Nike golf balls extensions to be strongly similar to the original brand, Nike athletic shoes, respondents nevertheless demonstrated a favourable attitude towards all the extensions irrespective of whether the extensions were perceived to be similar to original brand or not. This finding is consistent with the study conducted by Bottomley and Holden (2001). They postulated that respondents' attitude on the evaluation of the

brand extensions can be positive regardless of the perceived similarity/fit between the extension and the original brand.

This finding in this study regarding similarity/fit is however contradictory to Aaker and Keller's (1990) finding which demonstrated that the relationship between perceived quality and the positive attitude towards the extension is only shown in the case of high similarity/fit between the brand extension and the original brand. Respondents had favourable attitudes towards these extensions even though they indicated that they do not perceive a high similarity/fit between them (Nike camera and Nike golf balls) and the original brand.



As Bearden and Etzel (1982) stated:

“In developing countries, non-local products or brands are more desirable and acquire higher status than local products”.

This assertion could, among other things explain why respondents evaluated all the extensions even those that were perceived not to be similar to the original brand favourable. They could have evaluated these brands based on Nike's image and reputation as opposed to really evaluating Nike based on the brands presented and suitability based on Nike's line of expertise. In support of the latter statement, this is what some of the respondents said when they were asked to evaluate Nike extensions:

- *“people would buy it because of the brand name, not because its good”*

- *“if the quality of the shoe is good, therefore the same goes to the camera because Nike brands are of good quality”*
- *“I am not sure about the combination of Nike and golf balls but I think the balls are much better than ordinary ones, meaning you can hit them as hard as you can but they won’t be squashed”*

5.3 RECOMMENDATIONS WITH REGARD TO THE IMPLICATIONS OF THE MOST IMPORTANT FINDINGS

5.3.1 Recommendations with regard to the overall perceived quality of Nike brand extensions in relation to the Nike original brand

In this study, what was discovered is that the perception of overall quality of the brand extension, Nike socks was congruent to the overall perceived quality of original brand, Nike athletic shoes. The argument that brand extensions poorly perceived not to be similar to the original brand would be affected negatively when their perceived overall quality is being evaluated was prominent for Nike camera and Nike golf balls. So in order for firms and marketers to benefit from brand extensions, they should introduce them in line with the image consumers uphold of the original brand. This should result to consumers transferring their quality associations of the original brand to the brand extension. Aaker (1990: 49) asserted that the general perception of quality associated with an original brand is a key ingredient towards a successful brand extension. In support of this recommendation, Langer (1997: 65) states that firms should not take consumers’ loyalty for granted. He further highlights the fact that even the devoted and

stalwart consumer will walk away if the quality of the extension drops significantly compared to that of the original brand. Such negative associations could lead to consumers trying out new or different brands which offer better value, interesting benefits, or image enhancement.

5.3.2 Recommendations with regard to the perceived similarity/fit of Nike brand extensions with original brand, and subsequent attitude towards the extensions as a result of this perception

When respondents were asked how they perceived each brand extension to be similar to the original brand, of the three brand extensions, only Nike socks were regarded as strongly similar to the original brand. The other extensions (Nike camera and Nike golf balls) were not regarded as strongly similar to the original brand. However, irrespective of this situation, respondents still had favourable attitudes towards all the extensions regardless of the perceived similarity/fit evaluations. Regardless of this finding, firms and marketers cannot dismiss the importance of having a brand extension that is consistent with the original brand's image. The ability of a brand extension to reduce the uncertainty that consumers normally encounter when a new product is introduced lies primarily in the perceived similarity/fit between the brand extension and the original brand. If consumers perceive a similarity/fit between the extension and the original brand, they can confidently transfer their favourable associations and attitudes of the original brand to the brand extension, which in turn contributes to the formation of positive evaluations of the extension (DelVecchio & Smith, 2005: 187).

Therefore, as discussed in Chapter 2 about the benefits of brand extensions to a firm, it is important to acknowledge that by merely introducing a brand extension does not guarantee success. It is imperative for brand managers, marketing managers, and consumer insight managers to understand that consumers want to feel comfortable with the brand extension and therefore expect it to link in some way with the original brand. This is one of the dynamics that should be taken into account by firms and their marketing departments wishing to introduce brand extensions successfully in the market. If this should be done, two prominent benefits could be enjoyed by the firm and marketers. Firstly, this would make it easier for consumers to accept and willing to try the new extension due to the perception that the product is similar and relevant to the original brand. According to de Chernatony, *et al.*, (2003: 787), brand extensions into categories perceived as more similar to the category of the original brand are more likely to be accepted by consumers compared to extensions into less similar product categories. Secondly, the willingness by consumers to try the new brand extension as a result of the perceived similarity/fit could result to increase in rate of sale of the extension as it capitalises on the strength and image of the original brand.

To conclude, as Bhat and Zimmer (2004) purport, a brand extension perceived to be of poor quality and not similar to the original brand is bound to influence respondents' attitude negatively towards the brand extension. This finding is based on the assumption that consumers will develop more favourable attitudes towards extensions if they perceive high congruence between the extension and the original brand.

5.4 LIMITATIONS OF THE STUDY AND SUGGESTIONS FOR FURTHER RESEARCH

The findings of this study are however subject to certain limitations that should be addressed in future research. These are addressed in the following section:

5.4.1 Sample size, sample units, and sampling method

This study investigated two major variables (i.e. perceived overall quality and perceived similarity/fit) between brand extensions and original brand that determine what attitudes consumers would have towards these extensions. To solicit these perceptions, only 147 students from the University of the Western Cape, which mainly consisted of African/Black and Coloured descendents, were the majority respondents in this study. Two suggestions arise from this limitation. Firstly, a follow-up a study of a representative sample of general consumers as opposed to students should be conducted in order to determine if the findings of this study are applicable to the general consumers. Secondly, a sample representative of the different racial groups may express different perceptions and attitudes concerning the issues presented in this study. It is therefore, suggested that a representative sample inclusive of all racial groups should be used in future study.

The non-probability sampling method (convenience sampling) which was used in this study inhibits the generalisation of these findings to the entire population. Although there is no apparent reason to question the quality of the data, one must be extremely cautious

about making generalisations. Therefore, further research may be conducted using a sampling method that is suitable for generalisation of results.

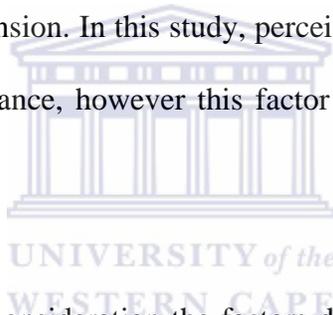
5.4.2 Selection of brands

One original brand (Nike athletic shoes) and three brand extensions (Nike camera, Nike socks, and Nike golf balls) were selected brands used in this study. When respondents were asked to evaluate these brands, a considerable number of them indicated that they are not familiar with golf as a sport and as a consequence, they could not give their input about this brand extension. Others gave responses like *“I am not an admirer of Nike products, therefore I reserve my comments”*. These kinds of responses rendered a considerable number of questionnaires ineligible to be used in this study. Therefore, when further research is conducted in this field, it would be beneficial to select brands that appeal to and used by all respondents (for example food or beverage brand extensions) in order to solicit valuable information and insights from them.

5.5 THE CONTRIBUTION OF THE RESEARCH STUDY

This study is important to firms who pioneer and invest substantial amounts of capital towards brand extension strategies and to marketers (marketing managers, brand managers, and consumer insight managers) who contribute towards ensuring that brand extensions are introduced successfully in the market.

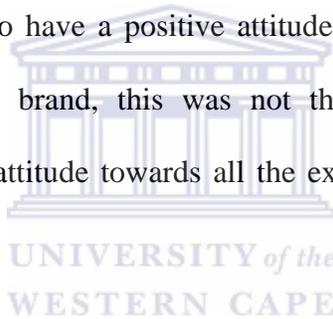
To firms, brand extensions can present operation challenges if not introduced in line with consumers' expectations. These could range from consumers becoming skeptical about the new extension if they do not find it similar to original brand, retailers not willing to provide shelf-space for the extension, high marketing and advertising costs in an effort to persuade consumers to purchase the extension, and high promotion and sampling costs in an effort to persuade consumers to trial the extension. To avoid these challenges, firms should introduce extension in line with the image that consumers uphold of the original brand. Having extensions that are in line with original brand could result to consumers transferring their quality associations and other positive associations of the original brand to the benefit of the brand extension. In this study, perceived similarity/fit played a lesser role in brand extension acceptance, however this factor cannot be ignored when brand extensions are to be developed.



To marketers, by taking into consideration the factors discussed above, their marketing initiatives can be beneficial in several ways such as easy market acceptance of the brand extension marketed, increase in sales of the extension, spill-over of original brands' advertising, promotions, packaging, and distribution initiatives to the benefit of the extension. Therefore, marketers should develop brand extensions that will be able to capitalise on the strength of the original brand. That should be possible if among other factors, there is a perception by consumers that the extension is similar to the original brand.

5.6 CONCLUSION

This study considered how respondents' perception of overall quality as well the perceived similarity/fit of the brand extensions in relation to the brand impact on their attitudes towards the extensions. It was demonstrated that the brand extension perceived to be strongly similar to the original brand was perceived congruently to the original brand in terms of perceived overall quality. However, other brands perceived not to be strongly similar to the original brand did not result to respondents having a negative attitude towards such extensions. Therefore, as demonstrated by other relevant studies that in order for respondents to have a positive attitude towards brand extensions they should be similar to original brand, this was not the case in this study. Instead, respondents had a favourable attitude towards all the extension regardless of perceived similarity/fit or lack thereof.



APPENDIX 1 – PILOT QUESTIONNAIRE



UNIVERSITY OF THE WESTERN CAPE

SURVEY ON BRAND EXTENSIONS

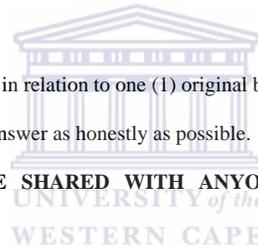
No. (For administration purposes only)

GENERAL INSTRUCTIONS

This interview is part of a study about your perceptions of three (3) brand extensions in relation to one (1) original brand.

NB: There are no right or wrong answers to the questions asked. Please feel free to answer as honestly as possible.

CONFIDENTIALITY STATEMENT: YOUR ANSWERS WILL NOT BE SHARED WITH ANYONE. ONLY THE RESEARCH STAFF WILL HAVE ACCESS TO THE QUESTIONNAIRE ONCE IT HAS BEEN COMPLETED.



SECTION A

ABOUT YOURSELF (DEMOGRAPHICS)

Please tick (✓) the applicable response.

Gender: Female [] Male []

Age: 10 – 19 [] 20 – 29 [] 30 – 39 [] 40 – 49 [] 50+ []

Employment status: Employed [] Unemployed []

Qualification level: Undergraduate [] Postgraduate []

Name of department at Economic and Management Sciences: _____ (e.g. Management, Accounting, Information Systems, etc.)

Ethnic group: Black/African [] Coloured [] White [] Indian [] Other: _____

SECTION B

Consider this brand, Nike athletic shoes:

1. Please write down what qualities or attributes come to your mind when you think about Nike athletic shoes:

PLEASE INDICATE YOUR OPINION ON THE FOLLOWING BRANDS BY TICKING (✓) THE APPROPRIATE NUMBER (1-5).



2. How do you perceive the overall quality of the Nike athletic shoes brand?

POOR
1 2

3

OUTSTANDING
4 5

3. I would pay premium price for this brand because of its quality.
4. This brand is worn by people who appreciate good things in life.

DON'T AGREE
1 2 3

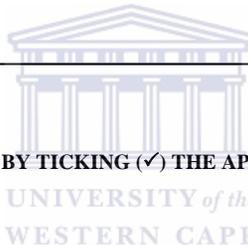
TOTALLY AGREE
4 5

5. Please write down what qualities or attributes come to your mind when you think about the following Nike products:

a) Nike camera

b) Nike socks

c) Nike golf balls



CONSIDER THE FOLLOWING BRANDS AND INDICATE YOUR OPINION BY TICKING (✓) THE APPLICABLE RESPONSE (1-5).

Nike camera

6. How do you perceive the overall quality of this brand extension?

POOR				OUTSTANDING
1	2	3	4	5

7. This brand extension is consistent with the image of Nike athletic shoes brand.

DON'T AGREE			TOTALLY AGREE
1	2	3	4 5

8. This brand extension fits with my associations of the Nike athletic shoes brand.

1	2	3	4	5
---	---	---	---	---

9. I would pay premium price for this brand extension because of its quality.

1	2	3	4	5
---	---	---	---	---

10. This brand is worn by people who appreciate good things in life.

1	2	3	4	5
---	---	---	---	---

11. This brand extension complements the Nike athletic shoes brand and can be used as a combination in certain situations.

1	2	3	4	5
---	---	---	---	---

12. If I was shopping and came across this brand extension, it is highly likely that I would consider purchasing it.

1	2	3	4	5
---	---	---	---	---

13. Considering your perception of the image of the Nike athletic shoes, how favourable is your overall attitude towards Nike camera.

NOT FAVOURABLE **FAVOURABLE**
 1 2 3 4 5

14. Considering your perception of the image of the Nike athletic shoes, how positive are your feelings towards Nike camera.

NEGATIVE **POSITIVE**
 1 2 3 4 5

Nike socks

15. How do you perceive the overall quality of this brand extension?

POOR **OUTSTANDING**
 1 2 3 4 5

16. This brand extension is consistent with the image of Nike athletic shoes brand.

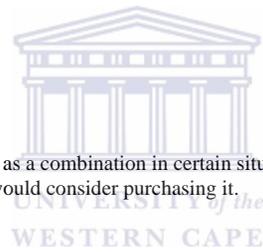
17. This brand extension fits with my associations of the Nike athletic shoes brand.

18. I would pay premium price for this brand extension because of its quality.

19. This brand is worn by people who appreciate good things in life.

20. This brand extension complements the Nike athletic shoes brand and can be used as a combination in certain situations.

21. If I was shopping and came across this brand extension, it is highly likely that I would consider purchasing it.



DON'T AGREE **TOTALLY AGREE**
 1 2 3 4 5
 1 2 3 4 5
 1 2 3 4 5
 1 2 3 4 5
 1 2 3 4 5

22. Considering your perception of the image of the Nike athletic shoes, how favourable is your overall attitude towards Nike socks.

NOT FAVOURABLE **FAVOURABLE**
 1 2 3 4 5

23. Considering your perception of the image of the Nike athletic shoes, how positive are your feelings towards Nike socks.

NEGATIVE **POSITIVE**
 1 2 3 4 5

Nike golf balls

24. How do you perceive the overall quality of this brand extension?

POOR **OUTSTANDING**
 1 2 3 4 5

- 25. This brand extension is consistent with the image of Nike athletic shoes brand.
- 26. This brand extension fits with my associations of the Nike athletic shoes brand.
- 27. I would pay premium price for this brand extension because of its quality.
- 28. This brand is worn by people who appreciate good things in life.
- 29. This brand extension complements the Nike athletic shoes brand and can be used as a combination in certain situations.
- 30. If I was shopping and came across this brand extension, it is highly likely that I would consider purchasing it.

- 31. Considering your perception of the image of the Nike athletic shoes, how favourable is your overall attitude towards Nike golf balls.

DON'T AGREE			TOTALLY AGREE	
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5
1	2	3	4	5

- 32. Considering your perception of the image of the Nike athletic shoes, how positive are your feelings towards Nike golf balls.

NOT FAVOURABLE			FAVOURABLE	
1	2	3	4	5
NEGATIVE			POSITIVE	
1	2	3	4	5



APPENDIX 2 – FINAL VERSION OF THE QUESTIONNAIRE

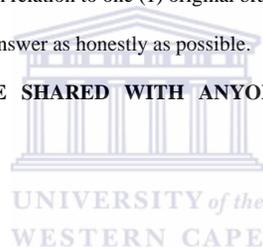
SURVEY ON BRAND EXTENSIONS

GENERAL INFORMATION

This interview is part of a study about the perceptions of three (3) brand extensions in relation to one (1) original brand.

NB: There are no right or wrong answers to the questions asked. Please feel free to answer as honestly as possible.

CONFIDENTIALITY STATEMENT: YOUR ANSWERS WILL NOT BE SHARED WITH ANYONE. ONLY THE RESEARCH STAFF WILL HAVE ACCESS TO THE QUESTIONNAIRE ONCE IT HAS BEEN COMPLETED.



SECTION A

ABOUT YOURSELF (DEMOGRAPHICS)

Please tick (✓) the applicable response.

Gender: Female [] Male []

Age: 10 – 19 [] 20 – 29 [] 30 – 39 [] 40 – 49 [] 50+ []

Employment status: Employed [] Unemployed []

Qualification level: Undergraduate [] Postgraduate []

Name of faculty at the University of the Western Cape: _____ (e.g. Economic and Management Sciences, School of Government, etc.)

Ethnic group: Black/African [] Coloured [] White [] Indian [] Other: _____

SECTION B

Consider the following brand, Nike athletic shoes:



1. Please write down what qualities or attributes come to your mind when you think about Nike athletic shoes:



PLEASE INDICATE YOUR OPINION ON THE FOLLOWING BRANDS BY TICKING (✓) THE APPLICABLE RESPONSE NUMBER (1-5).

	Poor	Less than average	Average	Good	Outstanding
2. How do you perceive the overall quality of the Nike athletic shoes brand?	1	2	3	4	5

3. Please write down what qualities or attributes come to your mind when you think about the following Nike products:

a) Nike camera



b) Nike socks



c) Nike golf balls



CONSIDER THE FOLLOWING BRANDS AND INDICATE YOUR OPINION BY TICKING (✓) THE APPLICABLE RESPONSE NUMBER (1-5).



Camera

4. How do you perceive the overall quality of this brand extension?

Poor	Less than average	Average	Good	Outstanding
1	2	3	4	5

5. This brand extension is consistent with the image of Nike athletic shoes brand.

Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
-------------------	----------	----------------------------	-------	----------------

6. This brand extension fits with my associations of the Nike athletic shoes brand.

1	2	3	4	5
1	2	3	4	5

7. Considering your perception of the image of the Nike athletic shoes, how favourable is your overall attitude towards Nike camera?

Very unfavourable	Unfavourable	Neither favourable nor unfavourable	Favourable	Very favourable
1	2	3	4	5

8. Considering your perception of the image of the Nike athletic shoes, how positive are your feelings towards Nike camera?

Very negative	Negative	Neither positive nor negative	Positive	Very positive
1	2	3	4	5



Socks



9. How do you perceive the overall quality of this brand extension?

Poor	Less than average	Average	Good	Outstanding
1	2	3	4	5

10. This brand extension is consistent with the image of Nike athletic shoes brand.

Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
-------------------	----------	----------------------------	-------	----------------

1	2	3	4	5
---	---	---	---	---

11. This brand extension fits with my associations of the Nike athletic shoes brand.

1	2	3	4	5
---	---	---	---	---

12. Considering your perception of the image of the Nike athletic shoes, how favourable is your overall attitude towards Nike socks?

Very unfavourable	Unfavourable	Neither favourable nor unfavourable	Favourable	Very favourable
1	2	3	4	5

13. Considering your perception of the image of the Nike athletic shoes, how positive are your feelings towards Nike socks?

Very negative	Negative	Neither positive nor negative	Positive	Very positive
1	2	3	4	5



Golf balls

14. How do you perceive the overall quality of this brand extension?



Poor	Less than average	Average	Good	Outstanding
1	2	3	4	5

Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
-------------------	----------	----------------------------	-------	----------------

15. This brand extension is consistent with the image of Nike athletic shoes brand.

1	2	3	4	5
---	---	---	---	---

16. This brand extension fits with my associations of the Nike athletic shoes brand.

1	2	3	4	5
---	---	---	---	---

17. Considering your perception of the image of the Nike athletic shoes, how favourable is your overall attitude towards Nike golf balls?

Very unfavourable	Unfavourable	Neither favourable nor unfavourable	Favourable	Very favourable
1	2	3	4	5

18. Considering your perception of the image of the Nike athletic shoes, how positive are your feelings towards Nike golf balls?

Very negative	Negative	Neither positive nor negative	Positive	Very positive
1	2	3	4	5

THANK YOU FOR TAKING PART IN THIS STUDY!!

APPENDIX 3: PERCEIVED OVERALL QUALITY OF BRAND EXTENSIONS AND ORIGINAL BRAND

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
How do you perceive the overall quality of the Nike athletic shoes brand?	147	1	5	4.22	.834
How do you perceive the overall quality of the Nike camera brand?	147	1	5	3.51	1.201
How do you perceive the overall quality of the Nike socks brand?	147	1	5	4.07	.828
How do you perceive the overall quality of the Nike golf balls brand?	147	1	5	3.59	1.012
Valid N	147				

APPENDIX 4: PERCEIVED SIMILARITY/FIT OF BRAND EXTENSIONS IN RELATION TO ORIGINAL BRAND

Descriptive Statistics

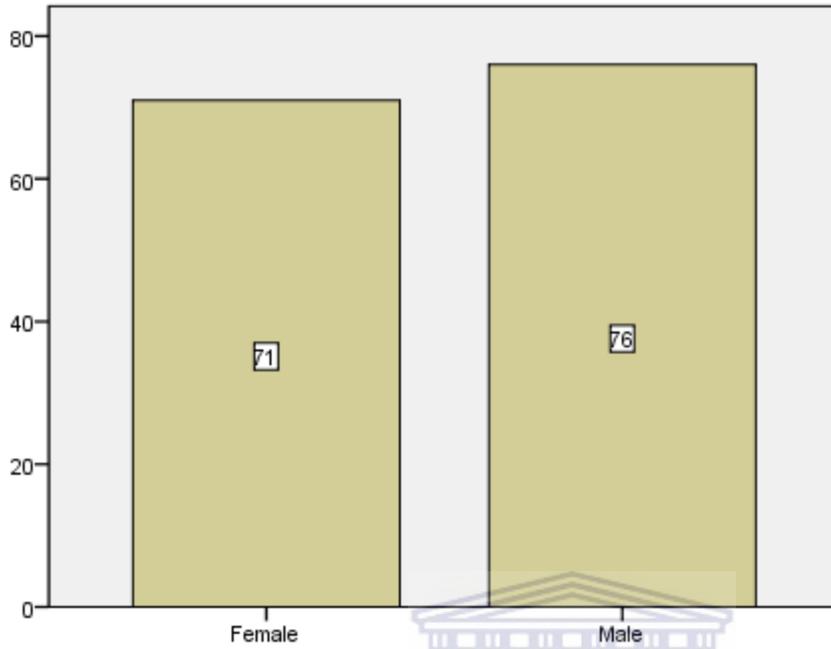
	N	Minimum	Maximum	Mean	Std. Deviation
This brand extension, Nike camera fits with my associations of the Nike athletic shoes brand.	147	1	5	3.48	1.310
This brand extension, Nike socks fits with my associations of the Nike athletic shoes brand.	147	1	5	4.22	.783
This brand extension, Nike golf balls fits with my associations of the Nike athletic shoes brand.	147	1	5	3.67	1.048
Valid N	147				

**APPENDIX 5: RESPONDENTS' ATTITUDES TOWARDS BRAND
EXTENSIONS IN RELATION TO ORIGINAL BRAND**

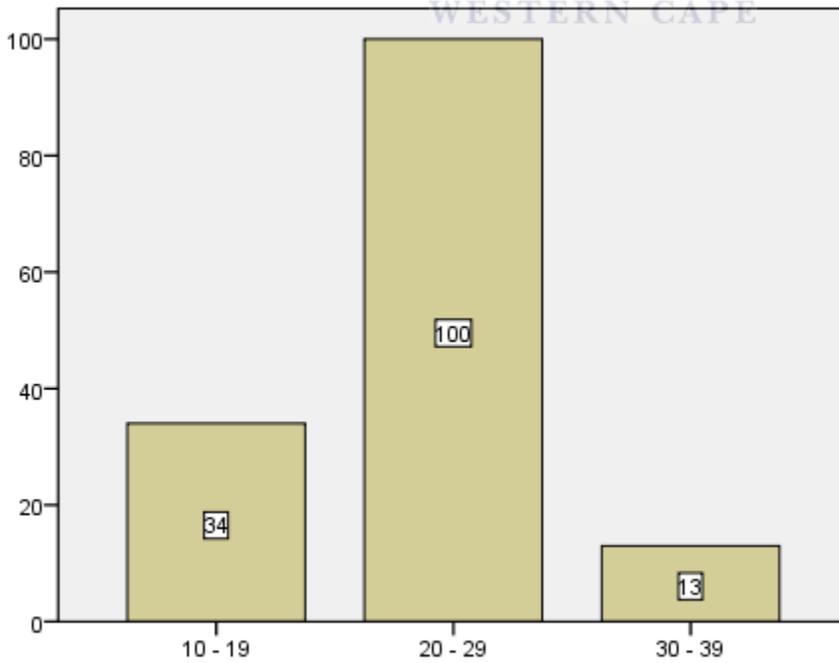
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Considering your perception of the image of Nike athletic shoes, how favourable is your overall attitude towards Nike camera?	147	1	5	3.67	1.224
Considering your perception of the image of Nike athletic shoes, how favourable is your overall attitude towards Nike socks?	147	1	5	4.32	.702
Considering your perception of the image of Nike athletic shoes, how favourable is your overall attitude towards Nike golf balls?	147	1	5	3.63	1.067
Valid N	147				

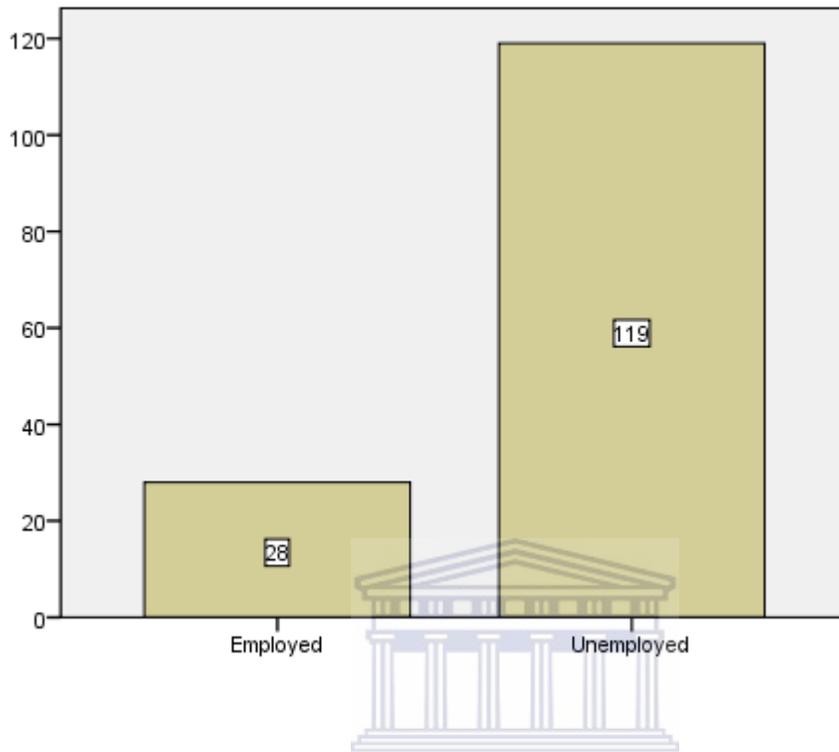
APPENDIX 6: DISTRIBUTION OF SAMPLE BY GENDER



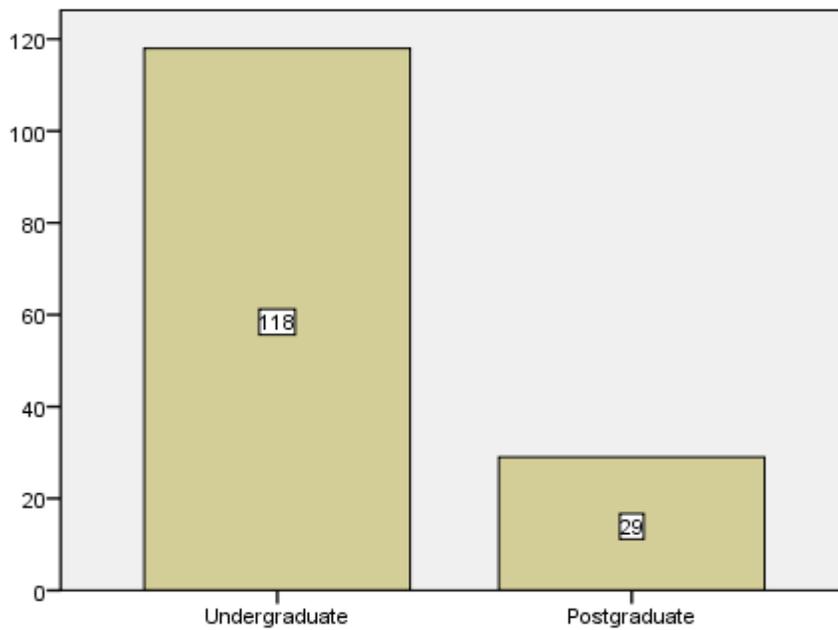
APPENDIX 7: DISTRIBUTION OF SAMPLE BY AGE



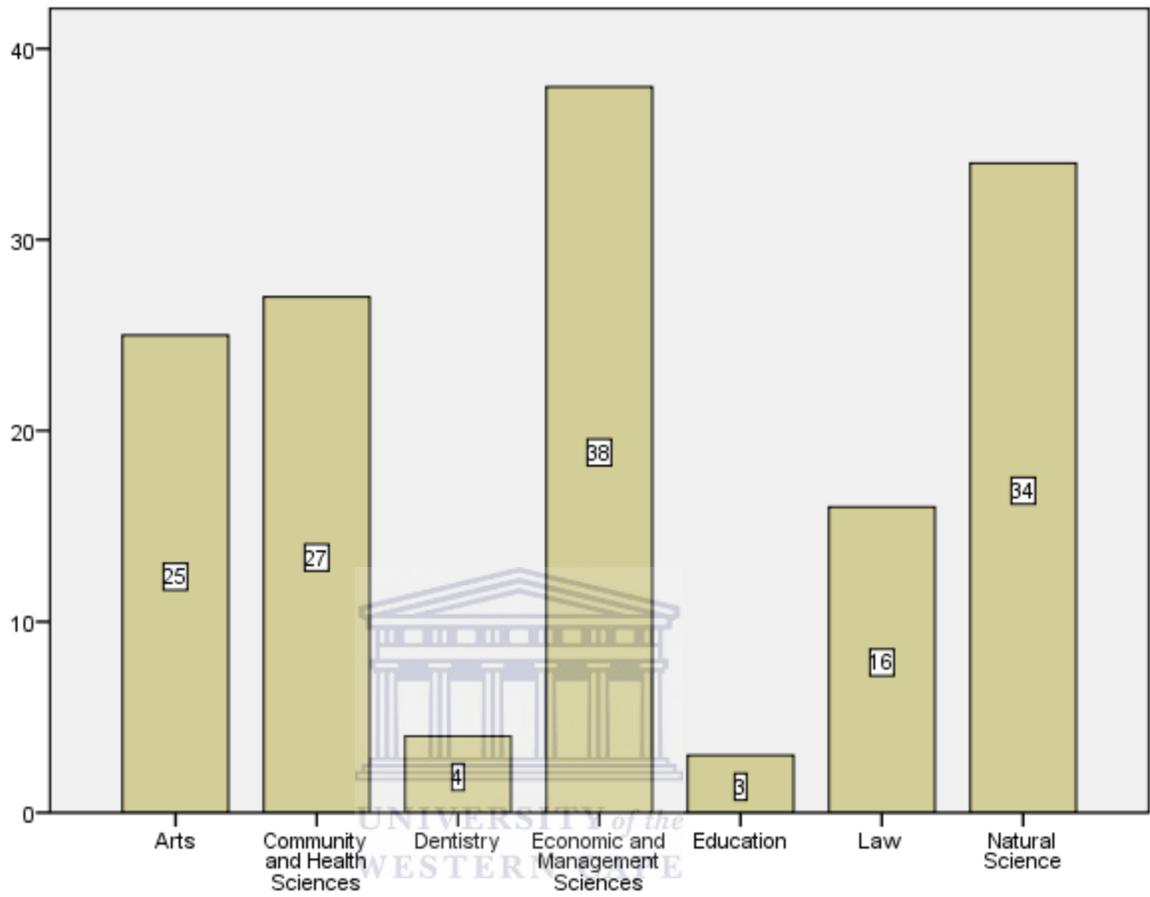
APPENDIX 8: DISTRIBUTION OF SAMPLE BY EMPLOYMENT STATUS



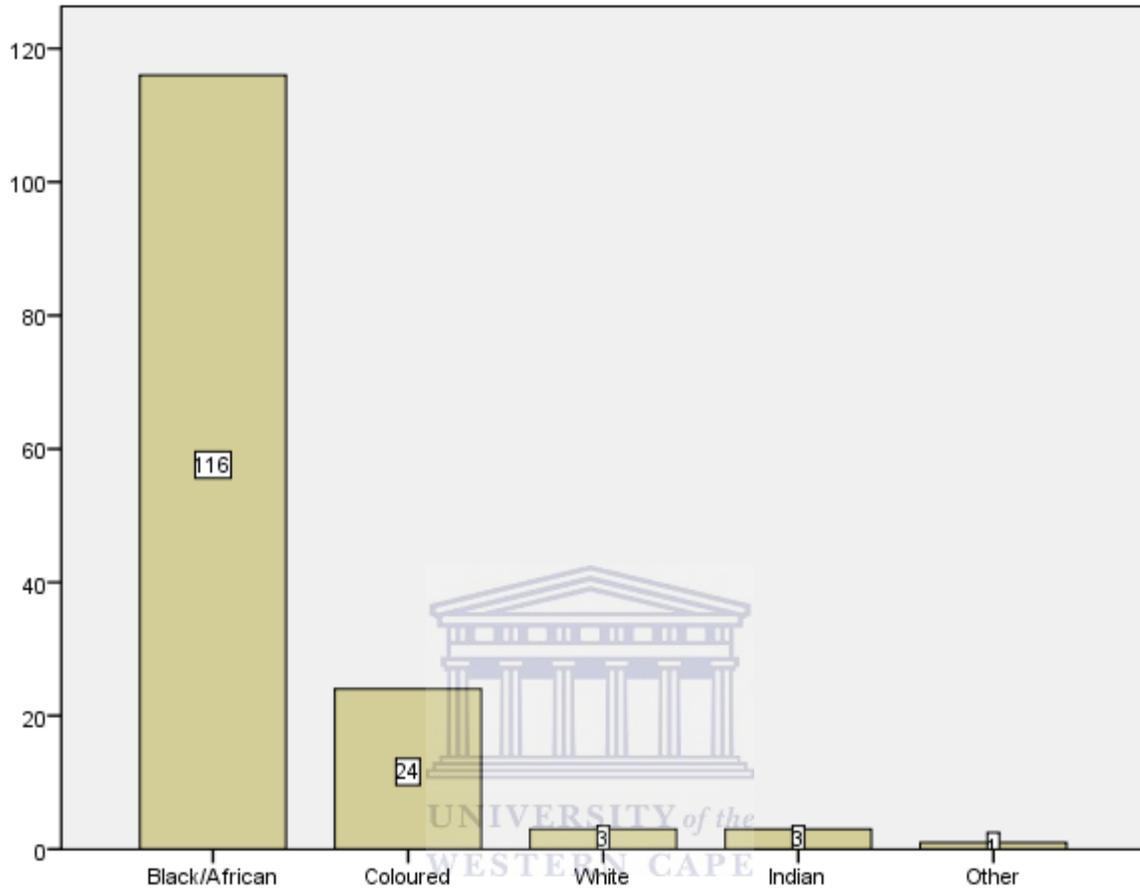
APPENDIX 9: DISTRIBUTION OF SAMPLE BY QUALIFICATION STATUS



APPENDIX 10: DISTRIBUTION OF SAMPLE BY FACULTY STATUS



APPENDIX 11: DISTRIBUTION OF SAMPLE BY RACIAL GROUPS



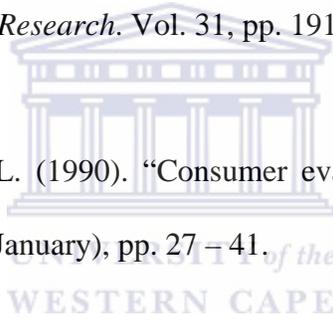
BIBLIOGRAPHY

Aaker, D. A. (1990). "Brand extensions: the good, the bad, and the ugly". *Sloan Management Review*. Vol. 31(4), pp. 47 – 56.

Aaker, D. A. (1991). *Managing brand equity: capitalizing on the value of a brand name*. The Free Press New York, New York.

Aaker, D. A. and Jacobson, R. (1994). "The financial information content of perceived quality". *Journal of Marketing Research*. Vol. 31, pp. 191 – 201.

Aaker, D. A. and Keller, K. L. (1990). "Consumer evaluations of brand extensions". *Journal of Marketing*. Vol. 54(January), pp. 27 – 41.



Aaker, D. A. and Keller, K. L. (1992). "The effects of sequential introduction of brand extensions". *Journal of Marketing Research*. Vol. 29(February), pp. 35 – 50.

Akinci, S., Aksoy, S. and Atilgan, E. (2005). "Determinants of the brand equity: a verification approach in the beverage industry in turkey". *Marketing Intelligence & Planning*. Vol. 23(3), pp. 237 – 248.

Alba, J. W. and Broniarczyk, S. M. (1994). "The importance of the brand in brand extensions". *Journal of Marketing Research*. Vol. 31(May), pp. 214 – 228.

Ambler, T. and Styles, C. (1997). "Brand development versus new product development: toward a process model of extension decisions". *Journal of Product and Brand Management*. Vol. 6(4), pp. 222 – 234.

Ang, H. S., Leong, S. M. and Liau, J. (1997). "Dominance and dilution: the effects of extending master brands". *Journal of Consumer Marketing*. Vol. 14(5), pp. 380 – 390.

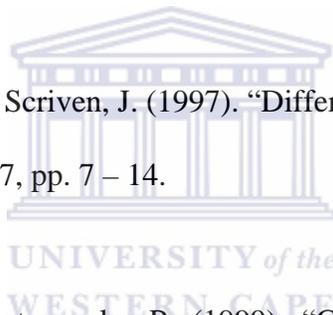
Baker, M. J. (2003). "Data collection-questionnaire design". *The Marketing Review*. Vol. 3(3), pp. 343 – 370.

Barnard, N., Ehrenberg, A. and Scriven, J. (1997). "Differentiation or salience". *Journal of Advertising Research*. Vol. 37, pp. 7 – 14.

Barret, J., Lye, A. and Venkateswarlu, P. (1999). "Consumer perceptions of brand extensions: generalising Aaker and Keller's model". *Journal of Empirical Generalisations in Marketing Science*. Vol. 4, pp. 1 – 21.

Bearden, W.O. and Etzel, M.J. (1982). "Reference group influence on product and brand purchase decisions". *Journal of Consumer Research*. Vol. 9(2), pp. 183 – 481.

Belén del Río, A., Vázquez, R. and Iglesias, V. (2001). "The effects of brand associations on consumer response". *The Journal of Consumer Marketing*. Vol. 18(4/5), pp. 410 – 425.



Bhat, S., Holak, L. and Reddy, S. (1994). "To extend or not to extend: success determinants of line extensions". *Journal of Marketing Research*. Vol. 31(May), pp. 243 – 262.

Bhat, S., Kelley, G. E. and O'Donnell, A. K. (1998). "An investigation of consumer reactions to the use of different brand names". *Journal of Product and Brand Management*. Vol. 7(1), pp. 41 – 50.

Bhat, S. and Zimmer, R. M. (2004). "The reciprocal effects of extension quality and fit on parent brand attitude". *Journal of Product and Brand Management*. Vol. 13(1), pp. 37 – 46.

Blair, E. and Sudman, S. (1998). *Marketing Research: A problem-solving approach*. New York. McGraw-Hill Irwin.

Blunden, A., Riley, F. D. and Lomax, W. (2004). "Dove vs. Dior: extending the brand extension decision-making process from mass to luxury". *Australasian Marketing Journal*. Vol. 12(3), pp. 40 – 55.

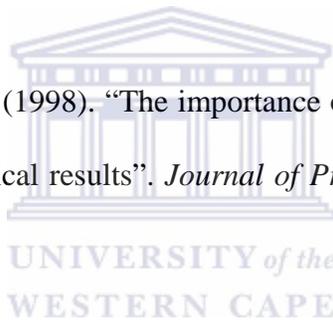
Bottomley, P.A. and Holden, S.J.S. (2001). Do we really know how consumers evaluate brand extensions? Empirical generalisations based on secondary analysis of eight studies". *Journal of Marketing Research*. Vol. 38(4), pp. 494 – 500.

Brandon, L., Forney, J. C. and Park, E.J. (2005). "Effects of evaluative criteria on fashion brand extension". *Journal of Fashion Marketing and Management*. Vol. 9(2), pp. 156 – 165.

Brewer, J. D. and Miller, R. L. (2003). *A-Z of Social Research*. California. Sage Publications.

Bristol, T. (2002). "Potential points of brand leverage: consumers' emergent attributes". *Journal of Product and Brand Management*. Vol. 11(4), pp. 198 – 212.

Brodie, J. R. and Glynn, S. M. (1998). "The importance of brand specific associations in brand extension: further empirical results". *Journal of Product and Brand Management*. Vol. 7(6), pp. 509 – 518.



Buday, T. (1989). "Capitalising on brand extensions". *Commentary*. Vol. 6(4), pp. 27 – 30.

Bush, R. P., Hair J.F. and Ortinau, D. J. (2000). *Marketing Research*. McGraw-Hill Irwin. United States of America.

Chandon, P. (2003). "Note on measuring brand awareness, brand image, brand equity and brand value". *Working Paper*. pp. 1 – 10.

Chaudhuri, A. (1995). "Brand equity or double jeopardy?". *Journal of Product and Brand Management*. Vol. 4(1), pp. 26 – 32.

Chowdhury, Md. H. K. (2006). "Consumer evaluation of brand extensions". *International Journal of Consumer Studies*. Vol. 31 (4), pp. 1 – 8.

Chung, K. K. and Lavack, A. M. (1996). "Vertical brand extensions: current research and managerial implications". *Journal of Product and Brand Management*. Vol. 5(6), pp. 24 – 37.

Clemente, M., East, R., Hammond, K. and Lomax, W. (1997). "The measurement of cannibalization". *Journal of Product and Brand Management*. Vol. 6(1), pp. 27 – 39.

de Chernatony, L., Hem, L. E. and Iversen, N. M. (2003). "Factors influencing successful brand extensions". *Journal of Consumer Marketing*. Vol. 19(7-8), pp. 781 – 806.

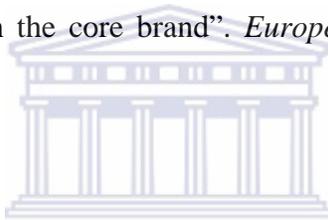
de Chernatony, L. and Martinez, E. (2004). "The effect of brand extensions upon brand image". *Journal of Marketing Management*. Vol. 21(1), pp. 39 – 50.

Delgado-Ballester, E. and Munuera-Alemán, J. L. (2001). "Brand trust in the context of consumer royalty". *European Journal of Marketing*. Vol. 35(11/12), pp. 1238 – 1258.

DelVecchio, D. (2000). “Moving beyond fit: the role of brand portfolio characteristics in consumer evaluations of brand reliability”. *Journal of Product and Brand Management*. Vol. 9(7), pp. 457 – 471.

DelVecchio, D. and Smith, D. C. (2005). “Brand-extension price premiums: the effects of perceived fit and extension product category risk”. *Journal of the Academy of Marketing Science*. Vol. 33(2), pp. 184 – 196.

Diamantopoulos, A., Grime, I. and Smith, G. (2002). “Consumer evaluations of extensions and their effects on the core brand”. *European Journal of Marketing*. Vol. 36(11/12), pp. 1415 – 1438.



Fox, R., Swaminathan, V. and Reddy, S. (2001). “The impact of brand extension: introduction on choice”. *Journal of Marketing*. Vol. 65(October), pp. 1 – 15.

Gates, R. and McDaniel, C. (2007). *Marketing Research*. Seventh Edition. New York. John Wiley & Sons, Inc.

Grace, D. and O’Cass, A. (2003). “An exploratory perspectives of service brand associations”. *Journal of Services Marketing*. Vol. 17(5), pp. 452 – 475.

Gray, D. E. (2005). *Doing Research in the Real World*. Second Edition. T.J International. Cornwall.

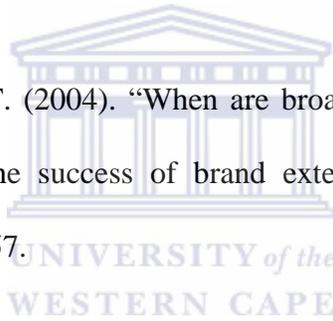
Green, M. C. and Keegan, W. J. (2003). *Global Marketing*. Third Edition. Pearson Education International. Prentice Hall.

Hague, P. (1993). *Questionnaire Design*. England. Clays Publications.

Heaston, R. (2002). "Brand building". *Professional Builder*. pp. 45 – 47.

James, D. O. (2006). "Extension to alliance: Aaker and Keller's model revisited". *Journal of Product and Brand Management*. Vol. 15(1), pp. 15 – 22.

Janiszewski, C. and Meyvis, T. (2004). "When are broader brands stronger brands? an accessibility perspective on the success of brand extensions". *Journal of Consumer Research*. Vol. 31, pp. 346 – 357.



Kasper, H., Strepp, Y. and Terblanche, N. S. (2005). "An exploratory qualitative study of brand associations as a means for brand extensions". *South African Journal of Economic and Management Sciences*. Vol. 8(3), pp. 272 – 392.

Katsanis, L. P. and Pitta, D. A. (1995). "Understanding brand equity for successful brand extension". *Journal of Consumer Marketing*. Vol. 12(4), pp. 51 – 64.

Keller, K. L. (1993). "Conceptualizing, measuring and managing customer-based brand equity". *Journal of Marketing*. Vol. 57(1), pp. 1 – 22.

Keller, K. L. (1998). *Strategic Brand Management*. Prentice-Hall. Englewood Cliffs, NJ.

Keller, K. L. (2000). “Building and managing corporate brand equity”. *The Expressive Organization*. Oxford University Press.

Keller, K.L. (2003), “Brand synthesis: the multidimensionality of brand knowledge”. *Journal of Consumer Research*. Vol. 29(4), pp. 595 – 600.

Kim, J. Y. (2003). “Communication message strategies for brand extensions”. *Journal of Product and Brand Management*. Vol. 12(7), pp. 462 – 476.

Lamb, C. W. and Low, G. S. (2000). “The measurement and dimensionality of brand associations”. *Journal of Product and Brand Management*. Vol. 9(6), pp. 350 – 368.

Langer, J. (1997), “What consumers wish brand managers knew”. *Journal of Advertising Research*, Vol. 37(6), pp.60 – 65.

Lawson, R., Milberg, S. and Park, C.W. (1991). “Evaluation of brand extensions: the role of product level similarity and brand concept consistency”. *Journal of Consumer Research*. Vol.18(September), pp. 185 – 193.

Liu, M. C. (2002). “The effects of promotional activities on brand decision in the cellular telephone industry”. *Journal of Product and Brand Management*. Vol. 11(1), pp. 42 – 51.

Malhotra, N. K. (1997). *Marketing Research: An Applied Approach*. Prentice Hall. New Jersey.

Malhotra, N. K. (1999). *Marketing Research: An Applied Orientation*. Fourth Edition. New York. Prentice Hall International Inc.

Martinez, E. and Pina, J. M. (2003). "The negative impact of brand extensions on parent brand image". *Journal of Product and Brand Management*. Vol. 12(7), pp. 438 – 448.

May, T. (1997). *Social Research: Issues, Methods and Process*. Second Edition. Philadelphia. Open University Press.

McCarthy, M. S., Milberg, J. S. and Park, C. W. (1997). "Managing negative feedback effects associated with brand extensions: the impact of alternative branding strategies". *Journal of Consumer Psychology*. Vol. 6(2), pp. 119 – 140.

Mckenna, T. (2005). "Brand management: defining your brand positioning". *National Petroleum News*. pp. 14.

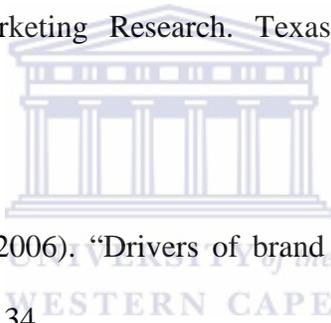
Mitchell, A.A. and Olson, J.C. (1981), "Are product attribute beliefs the only mediator of advertising effects on brand attitude?". *Journal of Marketing Research*. Vol. 18(3), pp. 318 – 32.

Motameni, R. and Shahrokhi, M. (1998). "Brand equity valuation: a global perspective". *Journal of Product and Brand Management*. Vol. 7(4), pp. 275 – 290.

Neuwman, W. L. (1997). *Social Research Methods: Qualitative and Quantitative Approaches*. Third Edition. New York. Allyn and Bacon.

Nijssen, E. (1999). "Success factors of line extensions of fast moving consumer goods". *European Journal of Marketing*. Vol. 33(5/6), pp. 450 – 469.

Parasuraman, A. (1986). *Marketing Research*. Texas. Addison Wesley Publishing Company.



Sattler, H. and Volckner, F. (2006). "Drivers of brand extension success". *Journal of Marketing*. Vol. 70(2), pp. 18 – 34.

Schiffman, L. G. and Lazar Kanuk, L. (1997). *Consumer Behavior*. Sixth Edition. New York. Prentice Hall International Inc.

Sheinin, D. A. (1998). "Positioning brand extensions: implications for beliefs and attitudes". *Journal of Product and Brand Management*. Vol. 7(2), pp. 137 – 149.

Speed, R. (1998) “Choosing between line extensions and second brands: the case of the Australian and New Zealand wine industries”. *Journal of Product and Brand Management*. Vol. 7(6), pp. 519 – 536.

Sunday Times/Markinor Top Brands Survey, 2001.

Sunday Times/Markinor Top Brands Survey, 2002.

Top 100 Most Powerful Brands Report Survey, 2007. Millward Brown Optimor. pp. 1 – 28.

Wegner, T. (1995). *Applied Business Statistics: methods and applications*. Second Edition. South Africa. Juta & Co. Ltd.



Wood, L. (2000). “Brands and brand equity: definition and management”. *Management Decision*. Vol. 38(9), pp. 662 – 669.

Volckner, F. and Sattler, H. (2006). “Drivers of brand extension success”. *Journal of Marketing*. Vol. 70(2), pp. 18 – 34.

Zeithaml, V. A. (1988). “Consumer perceptions of price, quality and value: a means-end model and synthesis of evidence”. *Journal of Marketing*. Vol. 52(3), pp. 2 – 22.

Zikmund, W. G. (2000). Exploring Marketing Research. Seventh Edition. New York. The Dryden Press.

