A Study to Investigate the Consumer's Assessment of Brand Extension in the Emerging Market Pakistan.

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Abstract
According to IMF outlook report 2015, Pakistan is included in the list of emerging economies of the world. Multinational corporations frequently use the brand extension marketing strategy in the emerging markets of the world. But to know how do consumers assess the brand extension is hampered by the limited studies in the context of developing markets. To understand this gap, the researcher in the present research study uses already established brand extension framework, namely Aaker model, and we extended this framework by adding one more factor which is 'brand image'. This new factor is added on the basis of previous literature. This new model is tested by using the consumers of Pakistan. The output reveals that brand image plays an important role in the consumers' evaluation of the brand extension in the context of emerging market. Managerial implications along with limitations and future research directions are also mentioned in the current paper.
Keywords: Emerging market, brand evaluation, brand extension, Pakistan

Introduction
An emerging economy is the one which is rapidly growing economy. Under the emerging economy there starts a new era of industrialization. According to IMF outlook report 2015, Pakistan is included in the list of emerging economies of the world.
Brand extension is the "use of well-known brand names to enter new product classes" (Keller and Aaker, 1992). The marketers pay valuable attention to brand extension because of the

following reasons. The first one is that, it minimizes the launching cost of newly product. Another advantage in this regard is that different stake holders like retailers are ready to give more shelf space to the well-known brand. If the company is able to introduce its new brand successfully, extension of brand will help the manufacturers' brands to hold greater shelf space and more retention in the minds of consumers, since most of the time the promotions of the product is mutually supportive (Farquhar, Herr & Fozia, 1990). With many advantages, there are also many risks that are associated with brand extension. The wrong decisions with respect to brand extension could create damage and sometimes irreparable loss for the organization (Ries& Trout, 1981). To minimize the risk of failure in the brand extension, companies need to pay attention and understanding of how consumers evaluate the extension of brand.

Aakar established a framework of consumers' appraisal of brand extension. In his paper "Consumers' assessment of Brand Extension" investigated on how the users form an opinion and attitude on brand extension in a consumer product setting. This model became the basis for the assessment of the brand extension and followed many studies to enquire the applicability and its relevance in developed countries (Nijseen& Hartman, 1994). Despite the fact that there is a growing amount of knowledge regarding the assessment of brand extension from consumers' viewpoint in the context of developed countries, research in the context of emerging market is, however, very limited. Therefore, to recognize how do consumers assess the brand extension in the developing market is inadequate, this particular fact may threaten the companies to follow marketing strategies related to extension of the brand in the emerging markets. Also, the validity of the original brand extension studied by Aakar model has not been tested in the context of emerging market, namely, Pakistan.

The objective of the present research is to fill this knowledge gap for testing Aaker and Keller (1990) in the context of Pakistan. Instead of simply repeating the study in the context of Pakistan, the researcher in the present research extends Aakar model by the addition of one more factor: "brand image". One of the reasons to extend the model is that the model was initially developed and tested in the western countries and also this model has not been discussed a lot in the context of emerging market. For example, if we make a comparison with the consumers in the western, it is observed that the consumers in the emerging market have limited knowledge on the diversification of a brand. According to (Park et al., 1991) the consumers may asses the brand extension on the basis of brand image.

The significance of the present study is that it highlights the evaluation behavior of the consumers in the emerging market, namely, Pakistan; in respect of brand extension. Such highlights would help the companies particularly those global companies with very large portfolio of products to improve their chances of success by following the brand extension strategies in emerging markets. Academically, the current research provides inside on the evaluation of consumers' behavior, in the context of emerging market; Pakistani market, by testing the Aakar and Keller (1990) model which was originally developed for western business cultures.

The present research article begins by explaining briefly about the literature review and thereafter developing the Hypothesis. After this section, the research method and data collection procedure is explained. Subsequently, the output of analysis of the data is discussed followed by the management implications. In the end, conclusion is presented followed by the references.

Background and Hypothesis

The research question that the researcher has decided for the current research study is:

What is the criteria for evaluating the brand extension by the consumers' in the emerging market Pakistan?

Aaker and Keller introduced the framework for the consumers' evaluation of the brand extension that hypothesized that consumers' assessment of the brand extension is the positive aspect of the quality of the original brand, the fit between categories of the products of parent brand & the extension categories, the transmission of quality of extension brand is high if the fit between two product categories is high and lastly the difficulty of making a new product categories. This model pave the way to explore the consumers' evaluation on the brand extension. This study has been replicated by many authors by testing the model in the context of developed countries, for instance, United Kingdom (Bottomley & Doyle, 1996) and New Zealand (Sunde and Brodie, 1993). (Czellar, 2003) criticized Aaker and Keller model saying that this model lacks individual consumers' characteristics, competitive & marketing environmental factors, for this reason this model cannot be generalized.

While Aaker along with other related studies discusses on the assessment of consumers for brand extension, the concerns of brand extension has been discussed in many studies, for instance, Czellar (2003) investigated that consumers' attention towards the original brand and new extension products dilute or get enhanced due to brand extension.

The theory of fit as presented by (Park et al., 1991) which is based on 'brand image' in the emerging market makes sense in the context of emerging market because in most of the cases consumers in the emerging market rely heavily on already established brands name. Therefore, the researcher in the present study expects that there exists a strong positive association between the fit based on 'brand image' of the extension brand and original brand in the emerging market.

Aaker model explained the element of similarity (or fit) between the product categories of parent brand and the product categories of extended brand saying that this if the consumers' perceive a strong fit or similarity between the two product categories then the extension products will receive high result from the perspective of the consumers. And likewise, if the consumers perceive this fit or similarity between the original product and the extension product as low then the extension products will not receive the positive results in the market. For example, the consumer can ask questions from automobile manufacturer to make good food products and the consumers may term this extension as funny. But one must keep a fact in mind that above mentioned logical reason is valid from the perspective of developed countries as per Aaker and Keller model (1990). In the present study we also expect that this element of 'fit' between the original brand and extension brand is positively related to each other in the context of emerging market.

Another element which was added in the original Aaker model was the amount of difficulty faced for making the extension. According to him, when consumers evaluate the extended products as very easy to make then incompatibility occurs, that is, the consumers evaluate the extension product categories as low. Although Aaker found the empirical support for this hypothesis but there are many studies which was carried out in the developed countries context failed to identify this effect (Nijssen& Hartman, 1994). Irrespective of many different results of this hypothesis, in the current study, the researcher expects that there would be a significant relationship between the difficulties of making the extension product with the evaluation of the consumers in the developing market context.

In many poor or emerging economies low quality products are also sold along with the high quality products. So most of the time consumers buy branded products in order to avoid the lack of quality. Therefore, like Aaker and Keller (1990), in the present research the researcher also expects that the consumers of emerging market, while evaluating the extension products, will consider that high quality perceptions towards the original products as positively associated with the brand extension.

Categorization theory is the theory that helps the researchers to foresee how consumers will integrate varying information about a newly extended brand into their existing set of beliefs about the core main brand.

Objective

The current study will have the following objectives:

➢ To investigate the consumers' assessment of the brand extension in the emerging market Pakistan.

➢ To propose the companies to make their policies for brand extension accordingly

Hypothesis

On the basis of above mentioned arguments & with the help of Aaker model, following hypothesis are developed:

H1: The brand image and brand extension are significantly positively associated to each other.

H2: Fit b/w original and extended product is significantly positively related to each other.

H3: The perceived quality will be increased when there is fit between the original product and the extension product.

H4: The difficulty of making extension product is significantly positively related with brand extension. .

H5: The quality of the original product has significant positive relationship with brand extension.

Variance Model:

The relationship between the dependent variable and independent variables can be explained with the help of following variance model:
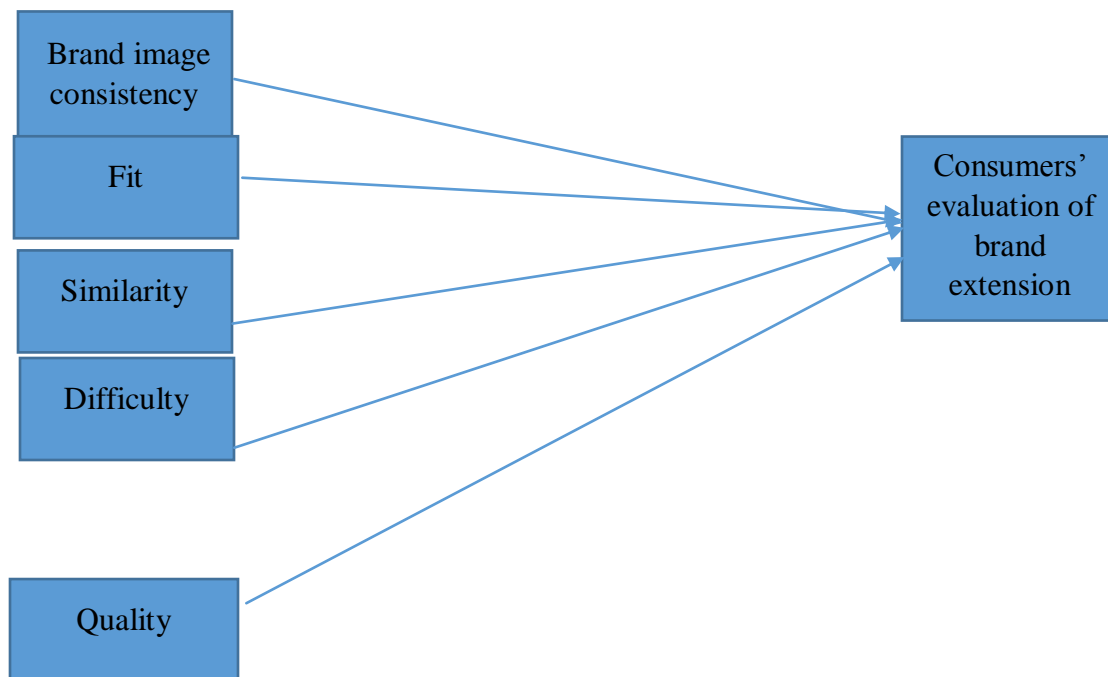
Research Method

Aaker and Keller research study and many other replicative studies used the experimental way for testing the model and hypothesis, likewise the researcher in the current research develops an experiment design for the sake of testing the model and hypothesis.

Stimuli

In the current research study the 'Lipton Tea' will be used as the original brand whereas 'Lipton tea bag' will be used as the extended brand for the evaluation of the consumers for brand extension in Pakistan.

Measure

The researcher in the present research uses five point Likert scale for measuring the constructs. Greatest of them measures are based on Aaker model except the scale which will measure the brand image. The data collection method will be Survey, because survey method is the most appropriate method to understand general feeling or opinion in a specific field. Also, the data for the current research project will be collected through structured Questionnaire using 'face to face' technique.

Data Collection & Analysis

The data is collected via questionnaire survey from the city of Lahore which is the second most populated city of Pakistan. Administratively the city Lahore can be divided into 9 different towns. Therefore using Convenience Samplingtechnique,which is non- probability sampling technique. The data will be collected from the consumers, equally from these 9 towns. SPSS is the software which will be used to analyze the results. To explain the relationship among the

dependent and independent Variables in my research, I would use Regression analysis to get the output results.

Results and Discussions

H1: The brand image and brand extension are significantly positively associated to each other.

Summary of the model

Mod.	R	R Sq.	Adj. R Sq	Std. Er
1	.315[a]	.099	.067	1.18119

a. Pred: (Const), IMAGE

Anova

Mod.		Sum of Sq	df	Mean Sq	F	Sig.
1	Reg	4.301	1	4.301	3.083	.049[a]
	Res	39.066	28	1.395		
	Total	43.367	29			

a. Pred. (Const), IMAGE

b. Dep. Var: EXTENSION

Coef.[a]

Mod.		Unstand. Coef		Stand. Coef.		
		B	Std. Er	Beta	t	Sig.
1	(Const)	1.029	1.386		.742	.464
	IMAGE	.610	.347	.315	1.756	.049

a. Dep. Var EXTENSION

The above tables are the output of the regression analysis b/w the independent variable brand image and the dependent variable brand extension.

In the model summary table the value of adjusted R square is 0.067, which means that 6.7 % of the brand extension has been explained by this independent variable brand image

The F value is as seen in the ANOVA table is 3.083 and since the value of p is less than 0.05, we can draw a conclusion that there exists a significant relationship b/w the dependent and independent variable. Also, it is important to mention here that since the sign of coefficient is positive so we can finally draw a conclusion that there exists a positive significant relationship between the Independent variable which is brand image with the dependent variable brand Extension.

H2: Fit b/w original and extended product is significantly positively related to each other.

Summary of the model

Mod.	R	R Sq.	Adj. R Sq.	Std. Er
1	.367[a]	.135	.104	1.15749

a. Pred: (Const), FIT

Anova

Mod		Sum of Sq.	Df	Mean Sq.	F	Sig.
1	Reg	5.853	1	5.853	4.368	.046[a]
	Res	37.514	28	1.340		
	Total	43.367	29			

a. Pred: (Constant), FIT

b. Dep Var: EXTENSION

Coef.[a]

Mod.		Unstand. Coef.		Stand. Coef.		
		B	Std. Er	Beta	t	Sig.
1	(Const)	6.548	1.505		4.351	.000
	FIT	-.805	.385	-.367	-2.090	.046

a. Dep. Var.: EXTENSION

The above tables are the output of the regression analysis b/w the independent variable fit and the dependent variable brand extension.

In the model summary table the value of adjusted R square is 0.104, which means that 10.4% of the brand extension has been explained by this variable fit.

The F value is as seen in the ANOVA table is 4.368 and since the value of p is less than 0.05, we can draw a conclusion that there exists a significant relationship b/w the dependent and independent variable. Also, it is important to mention here that since the sign of coefficient is negative so we can finally draw a conclusion that there exists a negative significant relationship between the Independent variable which is fit with the dependent variable Extension.

H3: The perceived quality will be increased when there is fit between the original product and the extension product.

Summary of the model

Mod.	R	R Sq.	Adj. R Sq.	Std. Er
1	.020[a]	.000	-.035	1.24426

a. Pred: (Const), SIMILARITY

Anova

Mod		Sum of Sq.	df	Mean Sq.	F	Sig.
1	Reg	.018	1	.018	.012	.915[a]
	Res	43.349	28	1.548		
	Total	43.367	29			

a. Pred: (Const), SIMILARITY

b. Dep Var: EXTENSION

Coef.

Mod.		Unstand. Coef.		Stand. Coef.		
		B	Std. Er	Beta	t	Sig.
1	(Const.)	3.628	1.827		1.985	.057
	SIMILARITY	-.047	.433	-.020	-.107	.915

Coef.

Mod.		Unstand. Coef.		Stand. Coef.	t	Sig.
		B	Std. Er	Beta		
1	(Const.)	3.628	1.827		1.985	.057
	SIMILARITY	-.047	.433	-.020	-.107	.915

a. Dep Var: EXTENSION

The above tables are the output of the regression analysis b/w the independent variable similarity and the dependent variable brand extension.

Since the p-value in the ANOVA table is greater than 0.05 so we can draw a conclusion that there does not exist a significant relationship between the dependent variable brand extension and independent variable similarity.

H4: The difficulty of making extension product is positively significantly related with brand extension. .

Summary of the model

Mod.	R	R Sq.	Adj. R Sq.	Std. Er
1	.109[a]	.012	-.023	1.23713

a. Pred: (Const), DIFFICULTY

Anova

Mod		Sum of Sq.	Df	Mean Sq.	F	Sig.
1	Reg	.513	1	.513	.335	.567[a]
	Res	42.853	28	1.530		
	Total	43.367	29			

a. Predictors: (Constant), DIFFICULTY

b. Dependent Variable: EXTENSION

Coef.[a]

Mod.		Unstand. Coef.		Stand. Coef.		
		B	Std. Er	Beta	t	Sig.
1	(Const.)	2.840	1.049		2.709	.011
	DIFFICUL TY	.149	.258	.109	.579	.567

a. Dep Var: EXTENSION

The above tables are the output of the regression analysis b/w the independent variable difficultyand the dependent variable brand extension.

Since the p-value in the ANOVA table is greater than 0.05 so we can draw a conclusion that there does not exist a significant relationship between the dependent variable brand extension and independent variable difficulty.

H5: The quality of the original product has significant positive relationship with brand extension.

Summary of the model

Mod.	R	R Sq.	Adj. R Sq.	Std. Er
1	.086[a]	.007	-.028	1.23993

a. Pred: (Const), QUALITY

Anova

Mod		Sum of Sq.	Df	Mean Sq.	F	Sig.
1	Reg	.318	1	.318	.207	.653[a]
	Res	43.048	28	1.537		
	Total	43.367	29			

a. Pred: (Const), QUALITY

b. Dep Var: EXTENSION

Coef.[a]

Mod.		Unstand. Coef.		Stand. Coef.	t	Sig.
		B	Std. Er	Beta		
1	(Const.)	4.070	1.418		2.871	.008
	QUALITY	-.145	.318	-.086	-.455	.653

a. Dep Var: EXTENSION

The above tables are the output of the regression analysis b/w the independent variable QUALITY and the dependent variable brand extension.

Since the p-value in the ANOVA table is greater than 0.05 so we can draw a conclusion that there does not exist a significant relationship between the dependent variable brand extension and independent variable quality.

Summary of the Results

	Variable Name	Adjusted R Square	Sig	Beta	F
1	IMAGE	0.67	0.049	0.315	3.083
2	FIT	0.104	0.046	-0.367	4.368
3	SIMILARITY	-0.035	0.915	-0.020	0.012
4	DIFFICULTY	-0.023	0.567	0.109	0.335
5	QUALITY	-0.028	0.653	-0.086	0.207

Multiple Regression Test

Summary of the model

Mod.	R	R Sq.	Adj. R Sq.	Std. Er
1	.642[a]	.413	.290	1.03027

a. Pred: (Const), QUALITY, DIFFICULTY, FIT, SIMILARITY, IMAGE

Anova

Mod		Sum of Sq.	df	Mean Sq.	F	Sig.
1	Reg	17.891	5	3.578	3.371	.019[a]
	Res	25.475	24	1.061		
	Total	43.367	29			

a. Pred: (Const), QUALITY, DIFFICULTY, FIT, SIMILARITY, IMAGE

b. Dep Var: EXTENSION

Coef.[a]

Mod.		Unstand. Coef.		Stand.Coef.		
		B	Std. Er	Beta	t	Sig.
1	(Const.)	4.897	2.827		1.733	.096
	IMAGE	1.004	.329	.519	3.053	.049
	FIT	-1.175	.367	-.536	-3.198	.004
	SIMILARITY	-.351	.379	-.153	-.926	.364
	DIFFICULTY	.448	.231	.326	1.936	.065
	QUALITY	-.271	.272	-.160	-.994	.330

a. Dep Var: EXTENSION

The above tables are the output of multiple regression analysis b/w the independent variables Image, fit, similarity, difficulty and quality with the dependent variable brand extension.

In the model summary table the value of adjusted R square is 0.29, which means that 29% of the consumers' behavior on brand extension has been explained by this model.

The F value is as seen in the ANOVA table is 3.371 and since the value of p under the ANOVA table is less than 0.05, we can draw a conclusion that the model is significant.

Also, from this multiple regression model we can draw a conclusion that the independent variable image is significantly positively related to the independent variable brand extension, which implies if the brand has good image and the brand has a personality to distinguish itself

from its competitors and customers are loyal with the brand then consumers would like to buy the extension product. This result is consistent with the previous studies of this subject.

The table also shows a negative significant relationship between the independent variable FIT and dependent variable brand extension.

According to the above table, there exists no significant relationship between the independent variables similarity, difficulty and quality, which is inconsistent to the previous studies. This inconsistency may be due many factors, for example, due to small sample size or due to collecting the sample size from the selected population.

Managerial Implications

Our research indicates that Pakistani consumers are more Image oriented, that is, they support the extension products of those brands with very good image. From the point of view of the practitioners this would imply that the companies should try to focus on building an image for the brand if they want to extend its brand in the emerging markets. One useful way of creating a good image for your brand is by way of celebrity endorsement in the advertisements. Simply, we can say that brand image is the most crucial factor for the companies if they want to achieve success with their brand extension strategy.

Furthermore our study also highlights that there exists a significant negative relationship between Fit and brand extension which implies that Pakistani consumers feel that 'Lipton tea bag' is not logical to be introduced in the market by the parent brand 'Lipton tea'.

Our study also suggests that there does not exist a significant relationship between the independent variables similarity, difficulty and quality with the dependent variable, namely, brand extensions

Limitations

The sample size in the present study is just 30. Also, because of the time constraint and limited resources, the data has been collected from just one city called Lahore. Therefore, for generalization of the results, same model may be tested using large sample size from more cities of Pakistan.

Conclusion

This paper has focused towards the consumers' assessment of the brand extension in the developing market, namely, Pakistan. The present research not just replicated Aaker model in the context of developing market (Pakistan) but also introduced one new factor which are *brand image*. The results suggest that Brand Image is the most important element for the organizations that intend to do brand extension. Also, the results suggest that there exists a negative significant relationship between fit and brand extension, Also, the results off the analysis indicate that there does not exist significant relationship among the independent variables, namely as, similarity, difficulty and quality with the dependent variable, brand extension.

Future Research

There are many factors which can be examined in the future research. One of them is since our study focuses only one city Lahore of the emerging market Pakistan; future researches can be done in other cities of Pakistan in order to get the generalization. Also, further researches may be

done to test our model on other emerging markets of the world. Czellar (2003) while criticizing Aaker and Keller model (1990) pointed out that the model lacks of individual consumers characteristics, external factors and competitive factor. So this also gives an opportunity for the future researchers to apply Aaker and Keller (1990) model with respect to these factors.

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