

# BRAND IMAGE AND CONSUMER'S ATTITUDE: AN EVALUATION OF THE BRAND EXTENSION STRATEGY OF AL-HIKMAH UNIVERSITY TABLE WATER

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## Abstract

*Consumers' attitude towards products are believed to be largely influenced by the product brand image, therefore, organisations seek to explore consumers' positive attitude towards their brands by adopting the brand extension strategy which affords them the opportunity to leverage on their established brands. This paper examined the effect of the parent brand image on consumer's brand extension attitude in the context of Al-Hikmah University's table water. The survey research design was employed using a population consisting of residence of Apalara Community where the Adeta Campus of the University is situated. A sample size of 347 students was selected using random sampling technique. Primary data obtained through copies of structured questionnaires administered were statistically analysed using regression analysis. The findings of the study revealed that parent brand image has a positive and significant effect on consumer's brand extension attitude. It concluded that consumer's attitude towards extended products or services can be influenced significantly by parent brand image. It also recommended the use of appropriate marketing strategies in developing and improving positive consumer's attitude towards extended brands by firms.*

**Keywords:** Brand Image, Brand Extension Strategy, Consumer Attitude, University.

## Introduction

The increased competition in the consumer market as resulted to marketers striving to achieve identities that differentiate organisations from their competitors as a key instrumentation to business success (David, 2016). Therefore, companies try to create brand images that can be conjured in the minds of consumers of their products, since the firm's image can have either a positive or a negative influence on customers as they make purchase decisions. The perception of branding as rewarding investment that companies engage in has led companies to focus on developing brand images that portrays clearly what they stand for (Kotler & Armstrong, 2012).

Almost every year an enormous number of new products in different categories are launched worldwide. In contemporary times, factors such as increasing competition and growing promotional cost have been identified to as posing challenges to the successful implementation of a new products (Aaker, 1996). This makes the task faced by marketers

crucial as they try to determine when and how to use a brand name, as they are exposed to various options in naming a product. One choice is product line, another is using an existing brand in conjunction with a new brand (sub-branding or nested branding) while they can also expand their portfolio and reduce launching cost by brand extension (Bhat & Reddy, 2001).

For some time now, companies have employed the use of brand extension instead of launching new brands costing huge investments in order to attain national and international strategic growth (Hairi & Vazifehdust, 2011). Examples of such firms that made use of brand extension strategy in the international market include Coca-cola, Google and Samsung while companies like Dangote Group, Unilever Plc and Lubcon Nigeria Limited are prominent adopters in Nigeria. The successful transfer of an established brand is reflected in an enhancement of the main brand and an increase in sales of both the current and the extended products (Aaker, 1991; Keller, 2005). These companies expect benefits from brand extension as a result of customers' knowledge of the existing brand. Essentially, brand extension implies extending an established brand of a given product category to other new lines or new product categories (Kotler & Armstrong, 2012; Hammed, Saleem, Rashid & Aslam, 2014).

Amongst the organizations adopting the use of brand extension strategies are educational institutions such as universities which have found it increasingly necessary to compete in the educational market using marketing techniques essentially necessary for expanding their revenue generation, portfolio and differentiating itself from others to attract patronage (Gbadeyan, Abina & Sowole, 2016).

With increased competition most universities in Nigeria, in a bid to raise their revenue generating potential and promote entrepreneurship have embarked on market diversification in the form of providing consultancy services, production of confectionaries, table water (bottled and sachet drinking water), business centers, primary and secondary schools among others. This has led to universities focusing on developing brand image that portrays clearly what they stand for.

Companies launching new products which carry the existing brand name have good success rate as it enables them to achieve reduced marketing cost as well as have low risks than otherwise (Keller, 2013).

The main argument for brand extension strategy is to ensure optimum use of investments made on strong brand equities established by extending the same to new products. In the views of Delloolmo, Pina and Bravo (2011), they believe that companies have to scrutinize whether favourable associations exists between the parent brand and potential extensions before doing transfer of the existing brand to extensions. Therefore, examining how consumers evaluate the brand extension as well as reviewing it with the brand image is inevitably necessary.

The objective of the study was to examine the effect of Al-Hikmah University's parent brand image on consumers' brand extension attitude of its table water.

In view of the objectives, research hypothesis for validation in the study is:

- i.  $H_0$ : Parent brand image has no significant impact on the consumer brand extension attitude

### **Literature Review**

Kotler and Armstrong (2009) defines a brand “as a name, word or phrase, mark, sign, symbol, design or a combination of them its purpose is to introduce a product or service which a seller or group of sellers offer in order to distinguish them from the products of competing firms”. In a more comprehensive definition, brand refers to the collection of the real features, which is in relation with the defined features of a product or service and also separate it from the other sections or segments of a market (Egan, 2007). Gabay, Howard, Beckley and Hollis (2009) believe that the term brand was formed from two components; nature of trade name or symbol and strategic situation of that name. The word 'brand' is often used as a concept referring to the company that is strongly identified with the trademark. Determining a name and identity for a product is an important process which is considered when designing a products strategy.

Brand image on the other hand is defined as a summation of brand associations in the memory of consumer which leads him towards brand perception and brand association including brand attributes, brand benefits and attitudes. Brand image portrays and summarizes what the company stands for and how well its position has been established. Companies try to create brand images that can be conjured in the minds of the consumers of the product. Hsieh, Pan and Setiono (2004) argued that brand image helps consumers in recognizing their needs and satisfaction regarding the brand; it also distinguishes the brand from other rivals motivating customers to buy the brand. Aaker (1991) also found that brand image can create importance and it helps consumers in gathering information, distinguishing the brand, creates reason to purchase and also creates constructive feelings and provides basis for brand extension. A positive brand image reduces the consumers' perceived risk about the brand and increases the level of consumers' satisfaction and loyalty. Similarly, a brand which has a good image in the consumers' mind will facilitate the process of determining the product's line, because a strong and positive brand image is easier to be carved in the customers' mind (Mohammed, Ian & Ronaghi, 2010).

The initial brand image is often referred to as the parent brand image. Consumers' positive image of the initial brand generates favourable perceptions of the new product with extended brand (Brown & Dacin, 1997; Deruyter & Wetzels, 2000). Brand extension in fact refers to the use of an old and confirmed or approved brand in order to enter a class of a new product group (Keller & Aaker, 1992). One strategy in developing a brand is brand extension strategy which means that a successful current brand is used for a new product. It means that the company, by using its current brand, offers new products in other categories (Arselan & Altuna, 2010). Consumers' awareness of the extended product can reduce his/her hesitancy and uncertainty about purchase or product testing (Dawar & Anderson, 1994). Therefore, the brand extension strategy is now being used by many companies and many successes as well as failures have been recorded in companies implementing and adopting the strategy. (Singh, Scriven, Clemente & Wright, 2012; Kazmi & Rashidi, 2015).

Young (2003) opines that there are two kinds of brand extension. These are the vertical or linear extensions in which a new product is being introduced in the current class/group of a product and the horizontal or classified extensions in which a new product is being introduced in a new and different class of a product.

Boush and Loken (1991) believe that the attitude of consumers' is the main factor for the successful implementation of brand extension and success of the brand. Attitude is seen as a cognitive state that is reflected in many aspects and makes the consumer preference given to a product or brand. In order words, the attitude of consumers to new products and extensive brand is the perception of consumers about the brand and the new product (Wilkie, 1994). Consumers' attitude towards brand extensions is influenced by such variables as initial brand image and perceived fit between a brand and its products, and the new products with extended brand (Martinez & Pina, 2009).

Theoretically, the network theory encompasses the understanding of the assessment of the extension of branding and the feedback effect. Keller (2007) indicated that the information about a brand in the memory of the customer is carried as what is known as a chain of brand information nodes. In most cases, the customers usually have a mental connection relating to favourable parent brand before the introduction of the extended brand, and thus the positive attitude is transferred due to the interlinked memory nodes existing prior to the extension. In the event that the customer was not satisfied, the contrary of same occurs and this causes a negative feedback effect (Sheinin, 2000). An analysis of the parent brand is expressed by the customers' perception of the equity of the parent brand; this refers to the total information about a brand carried in customers' memory. Therefore, favoured brands which are positively regarded by customers have a high chance of their new commodity in possession of the brand name being accepted (Bhat & Reddy, 2001).

### Methodology

The study employed the survey research method. The population consisted of residents of Apalara community where the Adeta Campus of Al-Hikmah University, Ilorin is located. The population is one that has experienced brand extension as being done by Al-Hikmah University and large in size. Thus, the study in line with the view of Israel (1992) adopted the formula for determining the sample size for an infinite population. This was used to determine the minimum sample size to be adopted for the study and was calculated as:

$$n_0 = Z^2 pq / e^2$$

$$n_0 = (1.96)^2 (0.5)(0.5) / (0.05)^2 = 385 \text{ respondents}$$

Where:

$n_0$  = sample size,  $Z$  = 95% confidence level,  $p$  = 0.5 (maximum variability),  $q$  = 0.5 (1-p), and  $e$  = precision level

Data were collected with the aid of structured questionnaires and the random sampling technique was employed to administer the copies of questionnaires designed for the study.

A total of 333 questionnaires were found to be useful after the 385 copies of questionnaires

administered were retrieved from the respondents representing 86.5%, while only 13.5% of the copies of questionnaires were returned incomplete or not returned.

**Results**

The research hypothesis formulated stated that parent brand image has no significant impact on the consumer brand extension attitude. The hypothesis was tested and results shown below:

**Table 1: Model Summary**

Model	R	R square	Adjusted R square	Std. error of the estimate
1	.499	.249	.225	1.215

Source: Authors' Computation, 2019

In table 1, the R which represents the coefficient of multiple determinations between the predictor and outcome, is 0.499. R<sup>2</sup> is 0.249 which implies that about 25% of the variability in consumer brand extension attitude is explained by parent brand image. i.e brand image has a significant effect on consumer brand extension attitude.

**Table 2. ANOVA**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	16.922	2	12.307	10.396	.000 <sup>a</sup>
Residual	111.282	330	1.184		
Total	148.204	332			

Source: Authors' Computation, 2019

Table 2 shows the calculated ANOVA which was analysed to see if any of the variables are significant. The F statistic is compared with 3 and 332 degrees of freedom using stat tables. From the ANOVA table, p-value = .000, F = 10.396 > 2.70 tab f-value. This shows a goodness of fit that is appropriate, It thus implies that parent brand image has an effect on consumer brand extension attitude.

**Table 3. Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1. (constant)	2.544	.201		12.642	.000
Al-Hikmah Table Water Brand image	.118	.210	.98	.997	.034
Parent brand image	.210	.096	.222	2.348	.021

Source: Authors' Computation, 2019

In Table 3, the t-test of the brand image of Al-Hikmah table water affects consumers's attitude towards its product by 0.997 and significant at p-value  $0.034 < 0.05$ . This shows that brand image of Al-Hikmah table water is significant because the p-value is less than the critical value and has predictive significance for consumer brand extension attitude.

### **Discussion of Findings**

The result of the hypothesis tested revealed that the parent brand has a significant effect on consumer brand extension. In other words, a positive parent brand image will positively impact on the consumer brand extension attitude and vice versa.

The result of the hypothesis tested summarized with the following vital information:

- i. The coefficient of multiple determinations between the predictor and outcome, is 0.499.
- ii. The Df statistic is compared with 3 and 332 degrees of freedom using stat tables. p-value = .000,  $F = 10.396 > 2.70$  tab f-value.
- iii. the t-test of the brand image of Al-Hikmah table water affects consumers' attitude towards its product by 0.997 and significant at p-value  $0.034 < 0.05$ .
- iv. parent brand image has a positive and significant effect ( $\beta = 0.98$ ,  $p < 0.05$ ) on consumer's brand extension attitude

### **Conclusion**

The study concludes that the parent brand image has a positive effect on consumer brand extension attitude (of Al-Hikmah table water used in this study) because when an organization has a good image and reputation the extended brand is likely to be accepted. Brand image plays a fundamental role in enhancing the consumer brand extension attitude.

### **Recommendation**

Based on the findings of the study, it is recommended that producers or service providers should strengthen their parent brand image before adopting the brand extension strategy. This is because the initial brand image has a great influence upon the final brand image after brand extension. This can be done by soliciting feedbacks intermittently from customers and providing value (i.e good benefits at an affordable cost). Thus, fortifying their initial brand image using different strategies amongst which can include target marketing, advertisement etc. This will increase brand loyalty which will positively impact on consumer brand extension attitude that benefits the organization in terms of immense reputation and revenue generation simultaneously.

### **Suggestions for Future Research**

This research has been conducted on brand extension product of a hybrid institution; hence the possibility of the findings turning out differently in a full production or service industry. Moreover, the variables used were limited to parent brand image and brand extension attitude, future studies may consider other variables like brand trust, brand association,

brand affect and perceived fit, brand loyalty etc. Future studies may also consider a different geographical setting and target audience to compare results.

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