

## A Study On Evaluation Of Consumers On Service Brand Extensions

**Dr. Aravind Soudikar**

Associate Professor, School Of Management & Accounting,  
College Of Business & Economics, Hawassa University, Hawassa,  
Ethiopia

### **ABSTRACT**

*Managers assume they can exploit the equity of a well known brand when entering new markets, capitalizing on recognition, goodwill, and any positive associations. Case studies abound of successful brand extensions. For example, Dettol with its antiseptic liquid origin, successfully extended into shaving creams, toilet soaps and floor cleaner. Tata successfully extended into telecom and insurance sectors. However, caution needs to be exercised. For example once Ponds extended into toothpaste and was unsuccessful as it moved too far from its core values. Given the importance of brand extensions, a better understanding of this topic is needed. Researchers have predominantly investigated brand extensions among tangible goods. By contrast few have investigated the service sectors. Notable brand extension activity has taken place in services. For example, ICICI entered into banking and insurance, Virgin moved into radio stations, airline, financial services, and bridal services. Likewise the Disney Company, which in the 1950s signified world-class animation, has extended into services such as television, publishing, software, Internet portals, theme parks, hotels and cruises.*

*This research paper contributes to better understanding of the brand extension dimensions. This research paper focuses on how consumer evaluates the brand extensions in a services market. This would help to fill the gap in the existing literature where more focus is on tangible goods. This paper concentrates on parameters used for evaluating the brand extensions from consumers' perspective. This research encompasses the most important factors such as similarity effect, quality of the parent brand and brand reputation, quite often used in research studies of brand extensions evaluations.*

*This research paper underlay's parameters used in the consumer evaluation for service brand extensions are similarity fit, service quality and brand reputation are clearly revealed through the results of this study. More over this study strengthens the assumption that the service quality would enhance the reputation of the brand. The researchers may look into the features of perceived risk and its impact on the brand extensions evaluations in the future studies. This study also paves the way for researchers to do a similar kind of brand extensions studies for the different categories of service sectors.*

**KEY WORDS:** Brand reputation, Consumer perspective, Brand investigations.

### **1. INTRODUCTION**

*The changing market dynamics and fierce competition of the global economy forces business organization to resort to lots of competitive strategies. One of these strategies is launching of numerous new products in different categories to increase their volume of business and stay ahead of competition. Launching new products is not a risk free proposition. Failures of new products have become a usual phenomenon. Companies are taking hard steps to reduce these failure rates. One way of dealing with the rate of failures of new products is using a firm's competence. Many business organizations are leveraging their brand names to reduce the risk of failure of new products. This has become a common strategy in fast moving consumer goods around the world. The strategy of leveraging existing brand name for new product categories is called brand extension sometimes called category extension in marketing literature. This strategy is also widely used in the services and business to business marketing categories. Like any other strategy it has both positive side and negative side to it. Brand extension strategy needs a careful analysis of the market before adopting it. If it turns out well in the new product category it will enhance the brand name; on the otherhand it will*

dilute the core brand value. This is the reason why many researchers are keen on continuously exploring the different dimensions of brand extensions.

Managers assume they can exploit the equity of a well known brand when entering new markets, capitalizing on recognition, goodwill, and any positive associations. Case studies abound of successful brand extensions. For example, Dettol, with its antiseptic liquid origin, successfully extended into shaving creams, toilet soaps and floor cleaner. Tata successfully extended into telecom and insurance sectors. However, caution needs to be exercised. For example once Ponds extended into toothpaste and was unsuccessful as it moved too far from its core values. Given the importance of brand extensions, a better understanding of this topic is needed. Researchers have predominantly investigated brand extensions among tangible goods. By contrast few have investigated the service sectors (Ruyter and Wetzels 2000; van Riel, Lemmink, and Ouwersloot 2000). Notable brand extension activity has taken place in services. For example, ICICI entered into banking and insurance, Virgin moved into radio stations, airline, financial services, and bridal services. Likewise the Disney company, which in the 1950s signified world-class animation, has extended into services such as television, publishing, software, Internet portals, theme parks, hotels and cruises.

## 2. BRAND EXTENSIONS – THE INDIAN CONTEXT

**Brand extension** is defined as attaching an existing brand name to a new product introduced in a different product category. Brand extension strategy is often seen as beneficial because of the reduced new product introduction cost and increased chance of success (Kaferer 2000). David Aaker defined brand extension as a brand strategy whereby a current brand name is used to enter a completely different class. Brand extensions can produce reciprocal effect that enhance or diminish the equity of the parent brand. Kotler defined brand extension as a company that may use its existing brand name to launch new products in other categories. The main benefits of brand extensions are,

- ❖ Reducing risks when launching new products,
- ❖ Exploiting the equity of well known brand, and
- ❖ Capitalizing on recognition.

Brand extensions are of two types: ( Ramesh kumar 2002 ) :

- (i) Extension into related categories,
- (ii) Extension into unrelated categories.

Related extension could further take two routes:

- (i) Extension into the same product category,
- (ii) Extension into a category that is different but similar in benefits, association and appeal to the parent brand.

An example of the first is Cinthol soap launching its lime fresh/cologne fresh/spicy fresh versions. Here the product has not been changed but stretched to accommodate variety. This could be called category related extension. An example of the second is cinthol from toilet soap to talcum powder. This has been labeled as image related extension. Examples for the extension into unrelated category are Tata which has a range of products from tea to car to steel, Wipro from computer to talcum powder to toilet soaps. Common to all the above examples are these brands enjoying more brand equity and with the use of this equity they extended to different product categories with their brand name.

Brand extension has more benefits to the company especially when they go for introducing new product whether it is in related or unrelated to its main business. Numerous companies in India have adopted this brand extension strategy and gained more mileage in gaining mind share and market share. Some of the companies, which have extended their brands into different product categories, are TATA, HLL, Cavin Kare, Godrej, BPL, Videocon etc. Brand extension has become a very popular branding strategy in many firms manufacturing consumer goods.

**3. RESEARCH ASPECTS ON BRAND EXTENSIONS:**

Ever since the first article on brand extension (Boush, et al. 1987) researchers have investigated several antecedents and consequences. Many studies have taken place in the research arena and it is growing larger to understand the different vagaries of brand extensions. The following Table 1 would give a snapshot of brand extensions studies. This table does not claim to be a comprehensive overview of all possible brand extension research but covers most important studies relevant to this article.

**Table 1.** Significant Studies on brand extensions

<b>Authors</b>	<b>Objectives</b>	<b>Findings</b>	<b>Product categories used for the study</b>	<b>Research Design</b>	<b>Respondents/Samples</b>
<b>Boush, et al. 1987)</b>	similarity and brand reputation	Similarity and Reputation has an impact on brand extension	Durable goods: Fictitious calculator	Laboratory experiments	Students 104
<b>Aaker and Keller (1990)</b>	similarity and quality	Similarity has an impact Quality does not have impact. Quality has an impact on Similarity)	FMCG: Beer, Shampoo, Sunglasses, Ice Cream, Toothpaste, fast food restaurant (services)	Laboratory experiments	Students 104 and 121
<b>Park, Milberg, and Lawson 1991)</b>	Similarity and brand concepts	Similarity has an impact. Extend concept should be consistent.	Durable goods: Wristwatches	Laboratory experiments	Students 195
<b>Boush and Loken (1991)</b>	similarity	Similarity has an impact	Durable goods: Fictitious grocery and electronic brands (B/G)	Laboratory experiments	students 144
<b>Keller and Aaker (1992)</b>	Sequential introduction of brand extensions	Quality affects brand extension Extend with consistent quality is positive	FMCG: Two fictitious potato chips brands (Crane's / Medallion	Laboratory experiments	university employees 430
<b>Smith and Park 1992)</b>	Brand extension vs. individual brands on market share	Brand strength (Reputation) has impact. Similarity has neutral effect Knowledge about the	79 brands ("consumer Goods)	Survey	business People 188 Consumers 1383

		product does not have impact			
<b>Loken and John 1993</b>	Brand extensions And Brand dilution	Dilution based on the similarity fit	FMCG: Fictitious brand (A) (gentleness and quality)	Laboratory experiments	196 consumers (women, age 19-49)
<b>Boush (1993)</b>	Ad slogans and brand extensions	Slogans addressing similarity+	FMCG: Fictitious soup brand (Bella)	Laboratory experiments	Students 174
<b>Broniarczyk and Alba (1994)</b>	Brand specific associations	Similarity and brand reputation affected by brand specific associations	FMCG: Toothpaste, Cereal, Soap, Beer Durable goods: Computers	Laboratory experiments	Students: 76, 159, and 45
<b>Dacin and Smith (1994)</b>	Brand portfolio and extension evaluation	Does not support the assumption	Durable goods: Fictitious portfolio brand (Jasil)	Survey	Students 180, 80 and 98
<b>Gürhan-Canli and Maheswaran 1998)</b>	Brand dilution	Similarity has an effect on brand dilution	Durable goods: Sony and Sanyo	Laboratory experiments	Students 347
<b>John, Loken, and Joiner 1998</b>	The negative impact of extensions on flagship products	Strongly associated flagship products are resistant to dilution.	FMCG: Johnson & Johnson	Laboratory experiments	Students 192, 139
<b>Morrin (1999)</b>	The impact of brand extensions on parent brand memory structures	The impact of brand extensions moderates by parent brand dominance and similarity	FMCG: Lotion, pain reliever, deodorizing cleaner, hot cocoa mix	Laboratory experiments	Students 29, 39 and 36.
<b>Jun, et al. 1999)</b>	Effects of technological hierarchy on brand extension evaluations	High technology of original brand: + Similarity: +	Durable goods : TV, HDTV, Wordprocessor, and Mainframes	Laboratory experiments	Students 249

		The technology level is important: +			
<b>Lane (2000)</b>	Ad repetition impact on brand extension evaluations	Ad repetition impacts on less similar extensions	FMCG: Beer, Crest, Keebler and Michelin	Laboratory experiments	Students 109
<b>Barone, et al. (2003)</b>	Positive mood influence on consumer evaluation of brand extensions	Positive mood positively affects the evaluation of brand extensions	Durable goods: Fictitious electronic brand	Laboratory experiments	Students 67 and 71
<b>Sheinin (2005)</b>	Impact of brand extensions on original brand	Brand extensions experience impacts original brand	FMCG: Cola brands	Laboratory experiments	Students 250
<b>Ruyter and Wetzels (2007)</b>	Corporate image and service brand extensions	Late mover and first mover, similarity impacts on brand extensions	Fictitious telecom brand	Laboratory experiments	Consumers, 209
<b>Ahluwalia and Gürhan-Canli (2009)</b>	Brand extensions effect on original brand	Negative extension about similar extension has a brand dilution effect	Durable goods: Fictitious athletic shoes	Laboratory experiments	Students 68 and 113
<b>Keller and Sood (2009)</b>	Branding strategies and experience	High degree of similarity dilutes the brand	FMCG: Cola and juice brands	Laboratory experiments	Students 177

When investigating these studies the following conclusions can be drawn. (1) Only one study addressed the importance of brand extensions in the services sector (Ruyter and Wetzels 2007). While Aaker and Keller (1990) included McDonald's as a service brand, they did not make any analytical distinctions between FMCG and services. (2) Only one study compared brand extension judgements between FMCG and durable goods (Broniarczyk and Alba 1994). Interestingly this showed equivalent effects of brand specific associations across the two sectors. (3) As many as nine studies used fictitious brands. Among these is the services study of Ruyter and Wetzels (2007). (4) The majority are laboratory experiments and only two use a survey design. (5) Only five studies were undertaken with consumers, the rest were with students. These observations reinforce the need for an evaluation of brand extensions across FMCG, durable goods, and services that should be valid, reliable and generalizable.

Therefore, a research issue that has remained underexposed concerns the extension of services to unrelated markets by making use of the corporate brand. Yet, this type of service extension is becoming a prevalent phenomenon. For instance, deregulation and privatization led many companies (TATA, Reliance, LIC, SBI) enter into service markets, such as telecommunications, insurance sectors and transport, have spurred a number of corporate service brand extensions, frequently by service providers active in a myriad of other markets. In the process, these service providers attempt to acquire customer trust on the basis of solidity of their reputation in the market in which they have traditionally been active. As services consist primarily of intangible properties, corporate service brands may be used to reduce perceived risk and to influence frequently unobservable extension evaluation criteria, such as credibility, quality and eventually customer patronage intentions. This seems particularly important when services are extended to markets in which the service provider has no proven expertise. Brands serve as cues for triggering image perceptions based on expressive values associated with the company name.

#### **4. RESEARCH APPROACH:**

With this background literature, this research paper contributes to better understanding of the brand extension dimensions. This research paper focuses on how consumer evaluates the brand extensions in a services market. This would help to fill the gap in the existing literature where more focus is on tangible goods. This paper concentrates on parameters used for evaluating the brand extensions from consumers' perspective. This research encompasses the most important factors such as similarity effect, quality of the parent brand and brand reputation, quite often used in research studies of brand extensions evaluations.

This research paper has been organized in the following manner. Firstly it discusses the hypotheses used in this research, secondly the research design used for this study, thirdly, the impact of independent variables like, similarity fit, service quality, brand reputation and perceived risk involved in the extended product category on the overall brand extensions, and finally the discussions regarding the findings are given.

This research focuses more on the dominant factors involved in the consumer evaluation of brand extensions. These factors are identified with the use of the research articles published in the peer-reviewed journals of national and international repute. The journals used for this purpose are International Journal of Marketing Research, Journal of Marketing Research, Journal of Consumer Research, Management Science, Journal of Marketing and Marketing Science. The perusal of these studies revealed many factors involved in the success of the brand extensions. For this research paper, the author strongly felt that it is better to take the most significant factors involved in consumer evaluation of brand extensions. In order to find these significant factors, the authors made analysis on the previous brand extensions studies and arrived at four important factors that are more often used to find out the consumer evaluation of brand extensions. From the literature review the following stimuli are considered for this study. The factors are quality of the parent brand; similarity fit between the core (parent) brand with the extended product category, and reputation of the parent brand. Apart from the above-mentioned three factors the author strongly feels that the main purpose of brand extensions is to cope with the risk involved in the purchasing of a product category, so it is significant to use the perceived risk involved in the extended product category as another stimuli to find the consumers evaluation of brand extensions. Moreover the well known brand acts as a risk reliever and would increase the chance of product trial (Rao and Manroe 1989). So this perceived risk involved in the new product category would have some significant impact on the brand extensions evaluations. This view is quite evident from the table 1 about significant studies in the brand extensions literature.

#### **5. HYPOTHESES**

**a. The perceived quality of the parent brand:** The brand extensions are affected by the overall attitude towards the parent brand. The attitudes towards the parent brand are based on durability, serviceability, incidence of defects, features, performance etc. Here the over all attitudes towards the

brand are perceived quality of the parent brand. Zeithamal (1998) concludes after reviewing research articles that the perceived quality is at a higher level of abstraction than a specific attribute of a product. Since services are more of intangible characteristics the **SERVQUAL** model is used to understand the perceived quality of the parent brand. Zeithaml (2004) considered perceived quality is the component of customer satisfaction. The perceived quality or otherwise the overall attitude towards the original brand should have a positive impact if the brand has been extended to the new product category. If the perceived quality were high then the extension would get benefited, if perceived quality is low then it would harm the brand extensions. Aaker (1990) in his study used perceived quality with this assumption but the results do not support his claim. Subsequent study in the brand extensions evaluation proved perceived quality as significant factor.(Aaker and Keller 1992). The author would like to know the impact of perceived quality in the brand extensions evaluations in services category. Therefore the hypothesis is

**H1: If the perceived quality of the parent brand is high, then the attitude towards the brand extension is positive.**

**b. Brand Reputation of the Parent Brand and Service Quality:** The brand reputation has been defined in terms of consumer perception of quality associated with the brand (Aaker and Keller,1990). This fact has been further strengthened from the study conducted by Barone et al.2000. With this review of literature the author tries to find if there is any relationship between the perceived service qualities of the parent brand with the brand reputation. Hence the hypothesis is

**H2: If the quality of the parent brand is high then the reputation of the parent brand is also high.**

**c. Similarity fit between the parent product and extended product category:** Similarity fit is considered to know how far the customer perceives the extended product category is similar to the parent product (Smith and Park 1992). From the literature review, it is clear that similarity fit is frequently considered for brand extension studies. This perceptual similarity fit had been considered in several studies and the findings reveal that the higher the similarity between the parent product with the extended product category, the greater the possibility of success. (Boush, et al. 1987, Aaker and Keller 1990, Boush and Loken 1991, Dacin and Smith 1994, Keller and Sood 2009). This kindles an interest in the author's mind to explore and find the similarity fit effect in the brand extensions evaluations in services category. Therefore the hypothesis is

**H3: If the similarity fit between the extended product categories with the original brand is high then there is high possibility that the extension evaluations will be positive.**

**d. Brand Reputation of the Original product:** One of the underlying principles for the brand extension concept is that stronger brands provide a better opportunity for the company to utilize this advantage to enter new product category products. Brand equity is defined in terms of brand strength articulated implicitly in terms of consumers' predispositions towards the brand (Keller 1993). In brand extension research, brand equity is predominantly considered as customer based brand equity rather than company based brand equity. The findings of the previous studies reveal that the greater the brand reputation the higher is the possibility of favourable brand extensions compared to the less reputed brands (Aaker and Keller1990, Keller and Aaker 1992, Dacin and Smith 1994, Bottomley and Doyle 1996). With this assumption the author has developed a hypothesis

**H4: If the brand reputation of the original brand is higher the greater the chance of favourable attitude of customers towards the extended products.**

**e. Perceived Risk involved in the extended product category:** Brand extension has been widely used to reduce the consumers' perceived risk. The brand extension literature reveals that the consumers are largely relying on reputation of the brand to cope up with the uncertainly level and risk involved in the products. A well known brand acts as a risk reliever and increases the possibility of purchase trial of the new product. When a brand gets familiar with the customers through repeated

exposure, risk perceived by the customers tends to reduce and a favourable attitude towards the product increase (Baker, et al. 1986). There is a distinction between the risk involved in the product category and product. The perceived risk involved in the product category means that the customer perception of the risk involved in buying an average product in that product class. The perceived risk in the product however, is about the risk involved in the buying of a specific product. Every purchase has some risk. This is also applicable to service categories. The magnitude of the perceived risk differs from one product/service category to another product/service category. With this underlying assumption the authors have developed hypothesis.

**H5: If the perceived risk involved in the product category is high then, the evaluation of brand extension is positive.**

The following table would give us a snapshot of hypotheses used for this research study.

**Table 2 Hypotheses in this study**

Hyp.	Factors	Source
H <sub>1</sub>	If the perceived quality of the parent brand is higher then the attitude towards the brand extension is positive.	Boush et al. 1987 Smith, Park 1992 Sunde, Brodie 1993 Lane, Jacobsen 1995
H <sub>2</sub>	If the quality of the parent brand is high then the reputation of the parent brand is also high	Keller, Aaker 1992
H <sub>3</sub>	If the similarity fit between the extended product categories with the original brand is high then there is high possibility that the extension evaluations will be positive.	Aaker, Keller 1990 Boush, Loken 1991 Park, Milberg, Lawson 1991 Sunde, Brodie 1993 Bottemley, Doyle 1996
H <sub>4</sub>	If the brand reputation of the original brand is higher the greater the chance of favourable attitude of customers towards the extended products.	Aaker and Keller 1990, Keller and Aaker 1992, Dacin and Smith 1994, Bottomley and Doyle 1996
H <sub>5</sub>	If the perceived risk involved in the product category is high then, the evaluation of brand extension is positive.	Derbaix 1983 Baker, et al. 1986

**6. RESEARCH DESIGN:**

In order to conduct this study, two parent brands were chosen. The brand chosen is based on the criteria used in similar kind of study (Aaker and Keller 1990). The criteria are (i) high quality, having strong brand image, (ii) brand not having been broadly extended previously (iii) ability to elicit relatively specific associations. To identify the brands the secondary data has been used. Based on the parameters, Life Insurance Corporation of India (LIC) and Bharat Sanchar Nigam Limited (BSNL) service brands are chosen. These brands are selected based on the survey on most trusted services brand in India published in the business news daily, *The Economic Times* on December 14, 2007. This



is the second survey from the same daily, taken for the services brand in India. LIC retained the top rank, whereas BSNL moved up to 3<sup>rd</sup> spot from 5<sup>th</sup> spot.

Each of the two parent brands were leveraged into 3 hypothetical extensions, providing a total of 6 brand extensions (see table 3). These extensions had to be relevant and logically connected to the parent brand. In order to test the framed hypotheses, care had been taken to make sure that the extensions provide sufficient heterogeneity to test the similarity fit and perceived risk dimensions. These extensions are selected based on the responses given by the students of the Department of Management Studies, specializing in brand management course in National Institute of Technology, Tiruchirappalli. The data were captured on the open ended questions about the possible brand extensions for SBI and ICICI. Students' perceptions. The relatedness to the original brands were also derived from this quick survey.

**Table 3. Hypothetical Brand Extensions**

Original Brand	Hypothetical Brand Extensions in terms of relatedness
1. Life Insurance Corporation of India (LIC)	1. Banking (High) 2. Real Estates (Medium) 3. Hospital (Low)
2. Bharat Sanchar Niagm Limited (BSNL)	1. Networks (High) 2. IT & Technical Education (Medium) 3. Insurance (Low)

The structured questionnaire was developed to collect data on consumer evaluation of brand extensions in services. Separate questionnaire for LIC and BSNL werw developed. The standardized constructs were used to measure the service quality, brand reputation; similarity fit, perceived risk and overall brand extension are used while developing questionnaire. Questions on the positive attitude, satisfaction on the brand and positive association with the brand are used to find out the brand reputation of the core brand. Questions on overlap between parent product category and extended product category, competence of the original services and people, facilities (resources) and skills are used to find out the similarity dimension. Care was taken to include possible dimensions involved in perceived risk.

The data were collected from the policyholders of LIC and users of BSNL residing in Bangalore. The sample size for the LIC study was 124 and for BSNL 125. The collected data were coded, edited and fed into the SPSS package for analysis purpose. Pearson Correlation coefficient and multiple regression-step wise methods were used to test the hypotheses made for this study.

## 7. FINDINGS AND INTERPRETATIONS:

The table 4 showing the Pearson correlation coefficients for BSNL brand extensions

HYPOTHESES	HYPOTHETICAL BRAND EXTENSIONS		
	NETWORK	IT&COMPUTER EDUCATION	INSURANCE
1. SERVICE QUALITY AND OVERALL BRAND EXTENSIONS	0.259 **	0.341 **	0.343 **
2. SERVICE QUALITY AND BRAND REPUTATION	0.566 **	0.566 **	0.566 **
3. SIMILARITY FIT AND OVERALL BRAND EXTENSIONS	0.251 **	0.326 **	0.374 **
4. BRAND REPUTATION AND OVERALL BRAND EXTENSIONS	0.619 **	0.728 **	0.723 **
5. PERCEIVED RISK AND OVERALL BRAND EXTENSIONS	0.094	0.281 **	0.165

**\*\* Correlation is Significant at the level of 0.01 ( 2- tailed)**

From the above correlation coefficient tables, we can infer that the service quality, brand reputation and similarity fit are having positive relationships in all the hypothetical extended category with the over all evaluation of brand extensions. This supports the hypotheses 1, 3 and 4. Service quality is having a positive relationship with the brand reputation. This strengthens the assumption that service quality augments the brand reputation of the core products thus supporting the hypotheses 2 of the study. But hypothesis 5, which aims at finding the relationship between perceived risk and overall brand extensions slightly supports the possibility of extending the BSNL brand name to IT & Computer education.

**The table 5** showing the Pearson correlation coefficients for LIC brand extensions

HYPOTHESES	HYPOTHETICAL BRAND EXTENSIONS		
	BANK	REAL ESTATE	HOSPITALS
1. SERVICE QUALITY AND OVERALL BRAND EXTENSIONS	0.232 **	0.246 **	0.265 **
2. SERVICE QUALITY AND BRAND REPUTATION	0.627**	0.627 **	0.627 **
3. SIMILARITY FIT AND OVERALL BRAND EXTENSIONS	0.071	0.191 **	0.346 **
4. BRAND REPUTATION AND OVERALL BRAND EXTENSIONS	0.645 **	0.701 **	0.671 **
5. PERCEIVED RISK AND OVERALL BRAND EXTENSIONS	-1.154	-0.148	0.035

**\*\* Correlation is Significant at the level of 0.01 ( 2- tailed)**

From the above correlation coefficient tables, we can infer that the service quality, brand reputation and similarity fit are having positive relationships in all the hypothetically extended category with the over all evaluation of brand extensions. This supports the hypotheses 1, 3 and 4. Service quality is having a positive relationship with the brand reputation. This strengthens the assumption that service quality augments the brand reputation of the core products thus supporting the hypotheses 2 of our study. But hypothesis 5, which is aimed at finding the relationship between perceived risk and overall brand extensions is not supported in these LIC brand extensions.

**The table 6** showing the hypotheses results of BSNL and LIC brand extensions.

HYPOTHESES	HYPOTHETICAL BRAND EXTENSIONS					
	BSNL			LIC		
	NETWORK	IT&COMPUTER EDUCATION	INSURANCE	BANK	REAL ESTATE	HOSPITALS
1. SERVICE QUALITY AND OVERALL BRAND EXTENSIONS	+VE	+VE	+VE	+VE	+VE	+VE
2. SERVICE QUALITY AND BRAND REPUTATION	+VE	+VE	+VE	+VE	+VE	+VE
3. SIMILARITY FIT AND OVERALL BRAND EXTENSIONS	+VE	+VE	+VE	-VE	+VE	+VE
4. BRAND REPUTATION AND OVERALL BRAND EXTENSIONS	+VE	+VE	+VE	+VE	+VE	+VE
5. PERCEIVED RISK AND OVERALL BRAND EXTENSIONS	-VE	+VE	-VE	-VE	-VE	-VE

The above table gives a snapshot of the results of the proposed hypotheses in this study. Hypotheses 1, 2, 3 and 4 are supported in all the hypothetical extensions of BSNL and LIC. Perceived risk in hypothesis 5 is supported in only one case out of six hypothetical extensions. This would be probably because of the consumer awareness level of perceived risk in the hypothetical extensions. This can be a possible area for the future studies to focus more on the intricacies involved in perceived risk and its impact on the overall brand extensions evaluations.

**The table 7** showing the regression results for the BSNL brand extensions

Factors	NETWORKS			IT & COMPUTER EDU			INSURANCE		
	Beta	t-value	Sig	Beta	t-value	Sig	Beta	t-value	Sig
CONSTANT		2.754	.007		.016	.987		3.011	.003
SIMILARITY FIT	.619	<b>8.732</b>	.000	.691	<b>10.880</b>	.000	.723	11.591	.000
SERVICE QUALITY	.071	.954	.342	.038	.492	.624	.112	1.703	.091
BRAND REPUTATION	.089	1.214	.227	.133	<b>2.102</b>	.038	.119	1.792	.076
PERCEIVED RISK	.079	1.118	.226	.082	1.297	.197	.023	.357	.722
	R <sup>2</sup> = .383			R <sup>2</sup> = .546			R <sup>2</sup> = .522		
	Adj. R <sup>2</sup> = .378			Adj. R <sup>2</sup> = .539			Adj. R <sup>2</sup> = .518		
	F=76.242			F= 73.50			F=134.346		

The above regression results of the BSNL hypothetical extensions clearly give the importance of similarity fit over the other independent variables in brand extensions evaluations. In all the hypothetical extensions similarity plays a significant role in explaining its importance in brand extensions evaluations. For BSNL brand extension, next to similarity fit, brand reputation plays some significant role in explaining the impact of brand extensions evaluations.

**The table 8** showing the regression results for the LIC brand extensions

Factors	Banks			Real Estates			Hospitals		
	Beta	t-value	Sig	Beta	t-value	Sig	Beta	t-value	Sig
Constant		1.583	.116		2.238	.027		-.833	.407
Similarity Fit	.648	9.320	.000	.692	10.554	.000	.646	9.683	.000
Service Quality	.095	1.337	.184	.088	1.306	.194	.171	2.560	.012
Brand Reputation	.002	.026	.979	.07	1.111	.269	.105	1.201	.232
Perceived Risk	-1.049	-1.049	.296	-.111	-1.707	.090	.037	.552	.582
	R <sup>2</sup> = .420			R <sup>2</sup> = .479			R <sup>2</sup> = .447		
	Adj. R <sup>2</sup> = .415			Adj. R <sup>2</sup> = .475			Adj. R <sup>2</sup> = .469		
	F=86.669			F= 111.390			F=54.806		

The above regression results reiterate the significance of similarity fit in brand extensions evaluations. Next to it, service quality plays little role in explaining the brand extensions evaluations.

The following table would give a snapshot of findings with respect to the hypotheses developed.

**Table 9 Hypotheses in this study**

Hyp.	Factors	Results	
		BSNL	LIC
H <sub>1</sub>	If the perceived quality of the parent brand is higher then the attitude towards the brand extension is positive.	supports	supports
H <sub>2</sub>	If the quality of the parent brand is high then the reputation of the parent brand is also high	supports	supports
H <sub>3</sub>	If the similarity fit between the extended product categories with the original brand is high then there is high possibility that the extension evaluations will be positive.	supports	supports

H <sub>4</sub>	If the brand reputation of the original brand is higher the greater the chance of favourable attitude of customers towards the extended products.	supports	supports
H <sub>5</sub>	If the perceived risk involved in the product category is high then, the evaluation of brand extension is positive.	Does not support	Does not support

Thus, the research amply gives the picture that similarity fit, service quality and brand reputation are pivotal factors that determine the positive evaluation of brand extensions.

**8. DISCUSSION:**

This research paper augments existing literature on consumer evaluation of brand extension in services category. This examines the importance of similarity fit, impact of perceived service quality, significance of high brand reputation, and influence of perceived risk involved in the services. Interestingly, this study strengthens the earlier literature in terms of findings in the similarity dimensions. Similarity between the core products/services and extended products/services are considered most important whenever the consumer evaluates the brand extensions. This study also supports the earlier study in terms of the relationship between the perceived service quality and brand reputation. The brand reputation could be enhanced by way of enriching the quality in product or services offered by the company. Again, the very purpose of using brand extension in creating a familiarity among the customers is fulfilled. These issues are to a large extent supported in brand extensions in the service category. If there is a strong brand reputation then there is every possibility that the brand extension is successful in a competitive market. Contrary to the earlier findings, when perceived risk is high in the extended product category, then the brand extension would help us in reducing the perceived risk involved in the products/services. But this study does not support this assumption. This could be because of the inherent difficulties involved in perceiving the risk involved in the services. Since the services by nature have the credence quality it is very difficult for consumers to perceive the risk involved in the services.

**9. CONCLUSION:**

This research paper gives a comprehensive view of how the consumers evaluate the service brand extensions. That the underlying parameters used in the consumer evaluation for service brand extensions are similarity fit, service quality and brand reputation are clearly revealed through the results of this study. More over this study strengthens the assumption that the service quality would enhance the reputation of the brand. The researchers may look into the features of perceived risk and its impact on the brand extensions evaluations in the future studies. This study also paves the way for researchers to do a similar kind of brand extensions studies for the different categories of service sectors.

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