

6.20 Consumer Evaluation of Brand Extension –with Special Case Reference to the Fast Moving Consumer Goods (FMCG) Sector in Sri Lanka

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ABSTRACT

Today most of the organizations in FMCG sector have interest on following the brand extension strategy to increase the sales of product lines the FMCG sector in Sri Lanka, both local and multinational FMCG sector companies operate, follow the market penetration and with brand extension strategy in a broader perspective .Brand extension strategy is widely used because of the fact that strongly positioned brand could build and communicate the brand values sucesfully.Then the customers are motivated to do trial purchasing and averse the risk of new product. However there is no empirical evidence to understand consumer evaluation of brand extension.

The purpose of the study was to investigate the perceived quality, perceived fit and the perceived difficulty of the consumers associated with how they behave with a brand. The study was based on both primary and secondary data. Primary data were collected through a survey conducted in Colombo and suburbs. The sample size was 150 customers who were profiled with the environment of Colombo and suburbs. Data were collected using a self administrated questionnaire with multi item scales to measure those constructs.

The study revealed that both perceived quality and perceived fit have direct positive effect on consumer evaluation of brand extention.Futher it found that when the extension is fit with the original brand, it has a grater chance to trial the product resulted in brand extension strategy. And also, the study identified that there is a significant effect of the brand experience towards the degree of involvement of the customers for the new product lines. Finally it further revealed the effect of the repetition ATL advertising and consumer sales promotion play a outstanding promotional role to inspire the consumers for brand extension strategy.

Key words- Brand Extention, Percived Quality, Percived Fit, Perceived difficulty