

IMPACT OF BRAND IMAGE, TRUST AND AFFECT ON CONSUMER BRAND EXTENSION ATTITUDE: THE MEDIATING ROLE OF BRAND LOYALTY

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ABSTRACT

The study is focused to identify the impact of brand image, brand trust and brand affect on brand extension attitude. Further it investigates if brand loyalty mediates the relationship of brand image, trust, and affect to consumer brand extension attitude. The data was collected through 200 female respondents and analyzed through correlation, regression and Sobel test. Results revealed that brand image, trust and affect are positively associated with the brand extension attitude. Further it is found that brand loyalty mediates the relationship of brand image, trust and affects to brand extension attitude.

1. INTRODUCTION

Fierce competition forces the good organization to get the competitive advantage over the competitor to remain in the market and get good market share. Price reduction may not be a good policy for the organization having strong brand equity as it affects the equity negatively (Yoo, Donthu and Lee, 2000). The better policy is the improvement/modifications or new product in the existing products portfolio. Launching a new product is a very risky affair as the rate of failure is very high (Panwar & Bapat, 2007) due to number of factors such as high competition for shelf space and heavy advertising cost (Aaker, 1996). A better approach to avoid the failure of new products is brand extension which is now followed by 80% of the organizations (Ourusoff, Ozanian, Brown, and Starr 1992). As a 'brand' is an image of an organization, at the same time huge amounts are spent by organizations in order to compete and survive in a competitive market, fulfilling customer demands (Joanna Barrett, Ashley Lye & P.Venkateswarlu, 1999). It is very challenging to make an existing brand enter into new product line because for consumers it is not easy to accept the change and the existing image of the brand which has been affirmed by advertising activities. (Joanna Barrett, Ashley Lye & P.Venkateswarlu, 1999).

The process of brand extension includes using a name of an existing brand to make an entry into new product class (Aaker, 1990; Tauber, 1988). This process is considered however safe and beneficial as it reduces the expenses of marketing research and other promotional costs and simultaneously increases the rate of success while capitalizing on already existing inclination which exists due to equity of brand (Chen & Liu, 2004). Association with the parent brand can influence the customer thinking about the brand extensions (Asker & Keller, 1990; Bhat & Reddy, 2001). Previously few researchers have identified the few antecedents which are parent brand affect and parent brand trust.

Brand attitude can be best deliberated through brand quality, trust and affect (Chaudhuri and Holbrook, 2001). Brand attitude is the strongest way of forming the basis of consumer behavior and undoubtedly is the highest point of brands association (Keller, 1998). Perceived quality, one of the integral part of brand image, has a relationship with the parent brand and the attitude of the consumer towards the brand extension (Aaker &

Keller, 1990). Brand quality however is directly related with the buying pattern of consumer and building of their attitude towards brand extension(Chen,2001).

Extension of brand is directly affected by the loyalty of a consumer. If the customer is loyal to a parent brand than the chances of adopting the extended brand would be higher by lowering the risks of failures of a new product (Thiele & Mackay, 2001).

Brand affect is explained as the power of a brand to extract a highly positive response emotionally after its usage(Arjun Chaudhri; Morris B Holbrook, 2001), whereas brand trust is the will of the consumer to depend on the brand's promise of performing a specific mentioned task (Moorman,Zaltman & Deshpande,1992). Brand trust, affect and loyalty together can increase the market share of an organization as it develops the willingness to pay amongst the consumers (Chaudhury and Holbrook,2001) and therefore their impact shall be studied on consumer brand extension attitude along with brand image.

1.1 Problem Statement

The study is to investigate the mediating role of customer loyalty on the relationship between brand image, brand trust, brand affect, and customers' brand extension in cosmetics.

1.2 Knowledge Gap

Jahangir et al (2009) identified that customer loyalty mediates the relationship of brand affect and brand quality to brand extension attitude. The current study is focused to find out (I)if customer loyalty also mediates the relationship of brand image and customers' brand extension attitude. further, the study is intended (II) to apply Sobel test and check the mediation of loyalty to other two relations which are measured by Jahangir et al as Jahangir et al. didn't apply Sobel test for mediation. Third the study is focused on cosmetic brands. All three clearly identify the gap.

1.3 Objectives

1. To explore the relationship of brand image, trust and affect on customers' brand extension attitude.
2. To explore the relationship of brand image, trust and affect on customer loyalty.
3. To explore the relationship of customer loyalty on customers' brand extension attitude.
4. To explore that if customer loyalty mediates the relationships of brand image, trust and affect on customers' brand extension attitude.
5. To explore the impact of all above said relationships.

1.4 Practical Implications

The results of the study are expected to develop better understanding how to manage the brand extension attitude keeping in view the brand trust, image and affect while keeping main focus on the brand loyalty in the cosmetic industry. The study would create a significant effect on the future strategies of the organization in the said context.

2. REVIEW OF LITERATURE

The strategy through which well-known brand names are used to introduce new product categories is brand extension attitude (Keller & Aaker, 1992).this is the strategy used by many firms to make their brand equity more powerful and influencing specially over the last ten years. According to Aaker, (1990) the good brand extension strategy is where the extension is supported by the name of parent brand but an excellent brand extension further strengthens the name and image of a parent brand. Aaker & Keller's (1990) model of consumer brand extension also chains the thought of brand extension by instructing that brand extension influence the attitude toward the extended brand of a consumer favorably.

To maintain long term relationship trust is considered as one of the key variables. Loyalty is developed if there is an element of trust (Berry, 1993; Reicheld & Schefter, 2000). Trust is also a confidence that makes one brand preferred another (Deutsch, 1973). Brand trust is undoubtedly one of the most strongest tools of making the relationships with the customers on internet (Urban et al.,1996) and company's most dominant marketing tool (Berry,1995). Some authors define trust as: involved in acceptance of brand extension (Keller & Aaker, 1992); essential for the development of loyalty (Beery, 1993; Reicheld & Schefter, 2000); a part of brand equity (Dyson et al., 1996); important in creating customer relationships (Urban et al., 2000), and the only strong liaison marketing tool (Berry, 1995). Brand trust is a factor that makes an average user believe that brand will perform its stated purpose whatsoever (Chaudhuri and Holbrook, 2001).

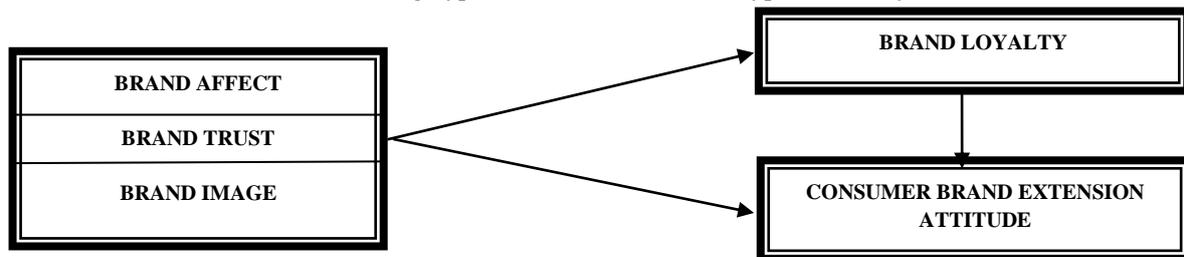
Chaudhri & Holbrook (2002) suggests that brand affect is a derivation of a positive response of consumer after its usage. A number of studies have indicated that brand loyalty is build due to brand affect (Ringberg & Gupta,

2003). Chaudhuri and Holbrook (2001) suggest that strong value of the categorized product is directly linked with brand affect and is one of the separate but major factors in building up the loyalty of a brand. But simultaneously brand affect is considered as a main variable in deriving the loyalty for the brand. (Ringberg and Gupta, 2003).

Keller, (1993) defined brand image as summation of brand associations in the memory of consumer which leads him towards brand perception and brand association including brand attributes, brand benefits and brand attitude. Hsieh, Pan, & Setiono (2004) argued, brand image helps consumer in recognizing their needs and satisfaction regarding the brand, it also distinguishes the brand from other rivals motivating customer to buy the brand. Kotler (2001) defined image as the attitude, thought and feelings of person for a particular thing or object. The essential part of company's marketing program is to sustain brand image (Roth, 1995) and strategy of the brand (Keller, 1993; Aaker, 1991). Image can create importance and it helps consumer in gathering information, distinguish the brand, creates reason to purchase, and also creates constructive feelings and provides basis for brand extension (Aaker, 1991).

Brand loyalty is widely discussed in conventional marketing literature and showed importance of two dissimilar dimensions of brand loyalty: behavioral and attitudinal loyalty. Frequency of repeat purchase has been considered as behavioral loyalty (e.g. Brown, 1952) or percentage of purchase (e.g. Cunningham, 1956), and attitudinal loyalty is defined as, priority, dedication or purchase aim of the consumers (Mellens, Dekimpe & Steenkamp, 1996). If customer is satisfied with the performance of the brand than it tends to derive a loyalty (Bloemer & Kasper, 1995). If customer is loyal to brand then company can increase its productivity by offering brand's further extension without the fear of failure (Reichheld and Sasser, 1990).

From the above discussion the following hypothetical interaction and hypotheses may be inferred:



Source: 1.JAHANGIR et al (2009), 2.Researcher Proposed Model

- H1: There is a positive relationship between brand affect and consumer brand extension attitude.
 H2: There is a positive relationship between brand affect and brand loyalty.
 H3: There is a positive relationship between brand trust and consumer brand extension attitude.
 H4: There is a positive relationship between brand trust and brand loyalty.
 H5: There is a positive relationship between brand image and consumer brand extension attitude.
 H6: There is a positive relationship between brand image and brand loyalty.
 H7: There is a positive relationship between brand loyalty and consumer brand extension attitude.
 H8: Brand loyalty plays a mediating role between brand affect and consumer brand extension attitude.
 H9: Brand loyalty plays a mediating role between brand trust and consumer brand extension attitude.
 H10: Brand loyalty plays a mediating role between brand image and consumer brand extension attitude.

3 RESEARCH METHODOLOGY

The study is casual and cross-sectional in nature having three independent variables i.e. brand image, brand trust and brand affect, one dependent variable i.e. customers' brand extension attitude whereas one is a mediating variable i.e. brand loyalty. and exploring the mediating role of customer loyalty. Data was collected through questionnaire from 200 female users of particular brands i.e. Body Shop and Revelon living in twin cities of Pakistan i.e. Rawalpindi and Islamabad. questionnaire of brand affect and brand trust were adopted from the study of Chaudhri and Holbrook (2001), the questionnaire of the customers' brand extension attitude was adopted from the study of Jahangir et al (2009) whereas questionnaire of brand image was adopted from the study of Sondoh Jr. et al (2007).

3.1 Reliability Analysis of Data

Reliability of the constructs was measured and was more than 0.7 signifying the internal consistency of the data.

Table 3.1 Reliability Analysis

Sr.No	Constructs	Cronbach' alpha	No of items
1	Brand Affect	.928	9
2	Brand Image	.859	3
3	Brand Trust	.862	4
4	Brand Loyalty	.938	7
5	Consumer Brand Extension Attitude	.959	6

Source: Field Data

4. DATA ANALYSIS AND DISCUSSION

The data was analyzed by the Correlation, Regression and Sobel test to find out if the hypotheses are true or not. The correlation analysis was conducted as it's a prerequisite of Sobel test. All relations found significantly correlated.

4.1 Hypothesis Testing

Table 4.1 Regression Analysis of brand affect, brand loyalty, brand trust, brand image and brand extension attitude

Model	Unstandardized Coefficients		Standardized Coefficients	Sig.
brandaffect	.809*	.269*	.779*	.003*
brandloyalty	.431*	.087*	.392*	.000*
brandtrust	.215*	.118*	.190*	.041*
brandimage	.244*	.154*	.199*	.038*
brandaffect	.703**	.208**	.671**	.000**
brandtrust	.219**	.096**	.204**	.024**
brandimage	.651**	.127**	.596**	.011**
brandloyalty	.820***	.052***	.746***	.000***

* Dependent Variable: brandextension

** Dependent Variable: brandloyalty

***Dependent Variable: brandextension

Source: Field Data

Table 4.2

	Sobel Test Statistics	Std. Error	p-value
Brand Affect	3.30475463	0.17443353	0.0009506
Brand Trust	2.25774742	0.07953946	0.02396141
Brand Image	4.87489621	0.10950387	0.00000109

Source: Field Data

The first hypothesis of the study was that there is a positive relationship between brand affect and consumer brand extension attitude. Regression analysis (table 4.1) showed that there is a significant relationship between brand affect and consumer brand extension attitude with 78% influence of brand affect on brand extension attitude. The results are in line with the findings of Jahangir et al. (2009) who found brand affect significantly influencing the brand extension attitude. Second hypothesis of the study was that there is a positive relationship between brand affects and brand loyalty. Regression analysis (table 4.1) showed a significant relationship between brand affect and consumer with an influence of 67% of effect on brand loyalty proving the hypothesis true. The results are confirming the study of Ringberg and Gupta, (2003) who concluded that brand affect is a main variable of brand loyalty.

Third hypothesis of the study was that there is a positive relationship between brand trust and consumer brand extension attitude. Regression analysis (table 4.1) showed significant relationship between brand trust and consumer brand extension attitude. Further it showed that brand trust influence 19% the brand extension

attitude. the results are according to the study of Jahangir et al. (2009). Fourth hypothesis of the study was that there is a positive relationship between brand trust and brand loyalty. Regression analysis (table 4.1) revealed that there is a significant relationship between brand trust and brand loyalty. Further the beta value of brand trust is .204 that means it has 20% of effect or variance in brand loyalty. The findings are in accordance of the finding of Reicheld & Scheffer, (2000) who found that brand trust is an important element to brand loyalty.

Fifth hypothesis of the study was that there is a positive relationship between brand image and consumer brand extension attitude. According to regression analysis (table 4.1) there is a significant relationship between brand image and consumer brand extension attitude. Further the beta value of brand image is .199 that means it has 20% of effect or variance in consumer brand extension attitude. Sixth hypothesis of the study was that there is a positive relationship between brand image and brand loyalty. Regression analysis (table 4.1) showed that there is a significant relationship between brand image and brand loyalty with a beta value of brand image is .596 that means it has 60% of effect or variance in brand loyalty. The results confirming the findings of Aaker (1991) who concluded that brand image influence the brand loyalty.

Seventh hypothesis of the study was that there is a positive relationship between brand loyalty and consumer brand extension attitude. Regression analysis (table 4.1) revealed a significant relationship between consumer loyalty and consumer brand extension attitude. Further beta value i.e. .746 showing 75% influence of brand loyalty on customers' brand extension attitude. The results are in accordance with the study of Reichheld and Sasser, (1990) who argued if high brand loyalty influences the acceptance of the customer for the extensions in the particular brand.

Eighth, ninth and tenth hypothesis were, Brand loyalty plays a mediating role between brand affect and consumer brand extension attitude, Brand loyalty plays a mediating role between brand trust and consumer brand extension attitude and Brand loyalty plays a mediating role between brand image and consumer brand extension attitude. Sobel test (table 4.2) showed that brand loyalty mediates all three above said relationships as the p-values of all relationships were less than .05.

4.2 Conclusion

Following conclusions can be derived from the study

- Brand affect, brand trust and brand image have a positive impact on brand loyalty and consumer brand extension attitude and therefore results in escalating them.
- Brand loyalty plays a fundamental role in enhancing the consumer brand extension attitude.
- Consumer brand loyalty mediates the relationship of brand affect, brand trust and brand image to customers' brand extension attitude.

4.3 Recommendations

Managers of Cosmetic companies must focus on increasing the consumer brand loyalty by focusing on dimensions like brand affect, brand trust and brand image. If brand loyalty increases and sustained than it can have a huge positive impact on consumer brand extension attitude benefitting the organizations in terms of immense upbeat reputation along with increase in revenue generation simultaneously which can always be a huge plus for the organization.

4.4 Limitation

- Only famous brands were taken
- Sample of 200 women only from Rawalpindi and Islamabad
- Time was a big constraint
- Sometimes non serious attitude of respondents.

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