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## Studying the Effect of Brand Extensions on Brand Image Mental (Case Study: Distribution Branches of Minoo Foodstuffs in Arak)

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### ABSTRACT

The aim of this present paper is to study the effect of brand extensions on brand image mental distribution branches of Minoo Foodstuffs in Arak during 2013. In this paper, the effects between variables related to that were studied such as the effects of Initial Brand image mental its fitness with the perceived one based on the brand extensions approach, its fitness with the mental and its effect between initial and final mental, the effect of mental fitness based on the brand extensions approach and also the brand extensions approach based on the final mental and the perceived fit based on the brand extensions approach. This paper is a functional and measuring study based its aim and method, respectively. The method for collecting data is field as well a standardized questionnaire in the papers of Martinez *et al.*, was used. There are 24 questions in this questionnaire which were arranged in the form of Likert spectrum. The statistical method in this paper is structural equations which were analyzed by Lisrel software. In this paper, 7 hypotheses were presented as well all of them were confirmed except 5th one.

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## INTRODUCTION

Brand extensions, in fact, refers the use of an old and confirmed or approved brand in order to enter a class of group of a new product (Keller and Aker, 1992). During the recent 15 years, the development of experimental and important documents and evidences about the approaches of consumers alongside the brand extensions was observed. The systematic studies about the behavior of consumers to the brand extensions were done, first, in the north of America by two effective researches. Expanding the brands with high quality in the other classes of a product is possible. Also the consumers evaluate the extensions resulted from the brands with high quality than the other ones with moderate quality (Milberg, 2007).

### *Brand (Trade Name and Symbol):*

Based on the definition of America marketing society, a trade name includes name, symbol, mark, design or a combination of them which discriminates a product from the other ones (Walley, 2007) 38. In a comprehensive definition, trade brand refers a collection of the real features which is in relation with the defined features of a product or service and also separates it from the other sections or segments of a market (Egan, 2007) Apsua believed that the trade brand was formed from two components; nature of trade name or symbol and the strategic situation of that name (Gabay *et al.*, 2009).

### *Brand Extensions (Trade Name and Mark):*

It refers the use of an approved brand in order to introduce the new products. There are two kinds of brand extensions; linear extensions in which a new product is being introduced in the current class / group of a product and classified extensions in which a new product is being introduced in a new and different class of a product (Young, 2003). The consumers' approach toward the brand extensions and the value of main brand after extensions depends on the level of similarity or fitness between the main brand and its extensions (Buil *et al.*, 2009)

### *Brand's Character:*

This concept refers the meaning of a brand for a person as well a collection of human characteristics are in relation with a brand. A different and distinct character of a brand can lead into desirable concepts in the mind of consumers and also it reinforces the brand's name (Diamantopolulos *et al.*, 2005)

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*Perceived Fit:*

Perceived fitness was defined as;

- A common similarity or fitness between the main brand or its class in which extensions happens;
- Similarity with the class or group of a product or homogeneity with the brand's concept;
- An especial mental relation with the main brand in the field of brand extensions;
- A significant relation with the main brand in the brand extensions such as class, group, brand's concept, revealing the especial meanings, (Young , 2003).

*Information About Trade Symbol and Name (Brand Mental):*

It refers the ability of potential buyers in order to recognize a product. This concept means having information about trade brand refers a trade name in the minds of customers and depends on how long a customer reminds that brand. This information is being measured by recognizing trade brand or reminding it (Wilcox *et al.*, 2008). Accessing more information about trade brand increases the purchase quantity of customers and also in this case, the customers pay more costs in order to buy a product (Baldauf *et al.* 2003).

*Especial Value of a Trade Brand:*

This concept refers the different effects of information toward trade brand on a response of a customer to that brand. This value is a concept including the views of unique customers and it happens when the customer has familiarity with a trade brand and also he / she will have a mental communication with that brand due to the desirability, power and uniqueness features of the products of that brand (Lassar *et al.*, 1995). The strong trade brand does not lose their value over time but they increase the income resulted from selling the products which are related to that category (of that trade brand) (Wilcox *et al.*, 2008). Based on the view of customers, the marketing effects refers the approach, insight and the concept of trade brand and in terms of the organizational viewpoints, the results can be price, cost, income and flow (Lee and Beck, 2006).

*Trust To Trade Brand:*

Customer's tendency toward the trade brand and being assure about that was defined as his / her trust to a trade brand; it can be said that this trust changed the customer's viewpoint and also plays an important role in the competitive advantage of an organization (Matinez *et al.*, 2008).

*Image Mental Toward a Trade Brand:*

This image refers the mental of consumers about a trade brand which is being reflected by the symbols or marks of that brand. This image is a collection of mentals which created in the minds of consumers. In other words, the mental of consumer is the prominent features of a product (Kuhn *et al.*, 2008).

*Loyalty to the Trade Brand:*

It refers the in-depth commitment for keeping and re-buying an especial product or service in the future as well that brand is being bought again (Beerli *et al.*, 2004). The related studies about this field were done not only in USA but also in the whole world such as Britain, French, News land, and Taiwan. Most results from the primary and main studies were investigated and reviewed in the similar papers. The resulted findings from this study (brand extensions) were studied in terms of management viewpoints (Kapoor and Keller, 1997). Recently, Klink and Smith in 2001 about the limitation of current studies toward the approach of consumers to the brand extensions said: "in this field, by considering the primary stages of creating information and knowledge, concern about the external validity to the internal one is less". Most studies on the brand extensions were focused on the related issues with fitness between main (mother) brand and brand extensions as well the variable adjustment which affect the level and type of fitness and the result of this method was findings which were focused on the unordinary evaluation of brand extensions in these situations.

In other words, the competitive brands not only were removed from the related categories but also they were omitted in the plan of this study. Unordinary evaluations are being done considerably and in comparison with the competitive brands in the related categories, they do not show the power and situation of brand extensions (Kapoor and Heslop, 2009). Different studies were done in the field of brand extensions into various categories of a product. One of the concerns in this field is that the extensions of a brand more than its defined limitation can damage the meaning of a main brand and also may weaken its communication's (Aker, 1991).

Koller and Aker in 1992 believed that most studies in this field were focused on the effect of brand extensions strategies in a form of a brand name extensions of a unit into a category of another product. The view of some researchers was based on the forward effect or communication transfer from the mother / main brand into a new extensions. In any case, feedback or returning effect from a new group into a generalized or expanded brand attracts the attention of researchers because this issue can damage the communication with this expanded brand (Martinez *et al.*, 2009). In accordance with the theories based on psychology, some writers were tried to explain the feedback effect of brand extensions with the logical approaches (Kanli and Mahasooran,

1998). Kim in 1998 declared that the feeling or meaning of trade brand can affect the approach of customers although the role of these issues means sensitive one are being ignored in the market interactions and communication (Taylor *et al.*, 2004 ).

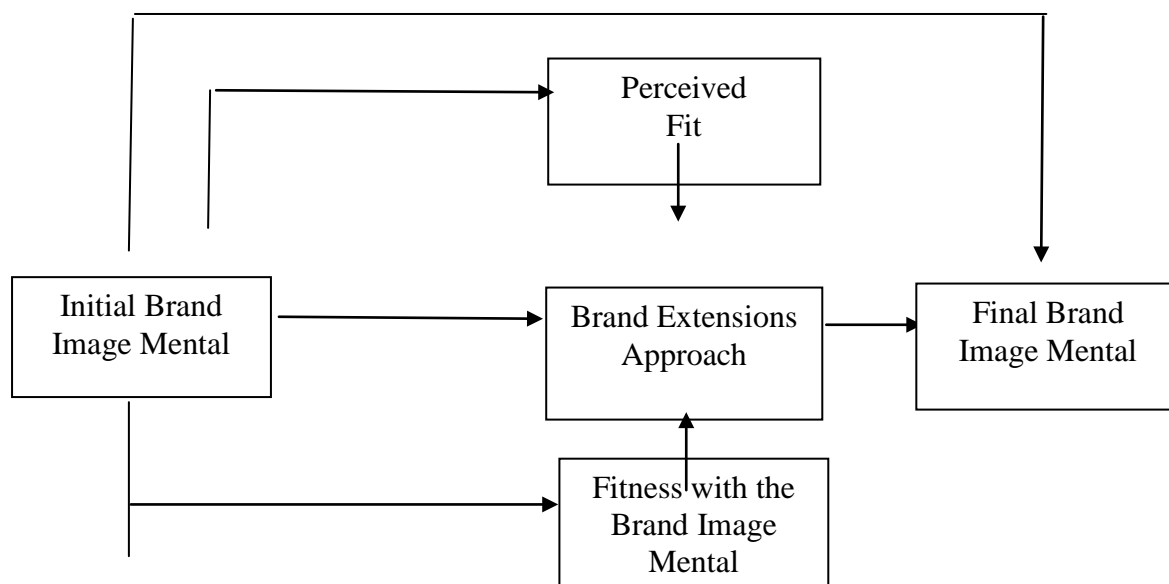
The other researchers analyzed the effect of other factors such as consumer's approach toward an expanded or generalized product on the brand mental (Alexander and Kolgit, 2005). Therefore, in these studies, a rare number of variables which limit a domain of this paper and make problem for generalization, was used.

#### Theoretical Framework:

This study was done in terms of Martinez *et al.* And the studied 5 variables are as the following:

Initial Brand Image Mental, Perceived Fit, Brand Extensions Approach, Fitness with the Brand image Mental, Final Brand Image Mental

- H1: Initial Brand Image Mental has a positive effect on the Perceived Fit
- H2: Initial Brand Image Mental has a positive effect on the Brand Extensions Approach
- H3: Initial Brand Image Mental has a positive effect on the Fitness with the Brand Image Mental
- H4: Initial Brand Image Mental has a positive effect on the Final Brand Image Mental
- H5: Perceived Fit has a positive effect on the Brand Extensions Approach
- H6: Fitness with the Brand Image Mental has a positive effect on the Brand Extensions Approach
- H7: Brand Extensions Approach has a positive effect on the Final Brand Image Mental.



**Fig. 1:** Theoretic model.

#### 1. Methodology:

This study was done through a measuring method. Measuring means collecting information which is being done by a plan as a scientific guide of description or prediction or for analyzing a relation among variables such as cancer and cigarette. Measuring always is being done in an extensive scale and is the opposed point in the laboratory experiences.

Information collection was done through questionnaire, interview, and the other methods but for the experiences which are being done in a small volume, as class, the above points are usable. The main method of this study based on the subject of research, the spread of population, using the questionnaire for information collection about the objective and subjective facts and also based on the descriptive questions and correlation assumptions is measuring which is a most common method in the social science. But in the theoretic part, library method was used.

#### 1.2. Data collection:

Based on the previous points, this study is based on collecting methods such as questionnaire, interview and in some cases, observations. In this study, information collection is based on the questionnaire. Of course, interview was used in the primary step as well as document tools for studying the theoretical dimensions. In this paper for collecting information and achieving the aims, an anonymous questionnaire taken from the article of Martinez *et al* has been used which is being completed by the Minoos customers in the city of Arak. The questions are being included in the form of items and each items of this questionnaire in terms of main aim and

the related questions was considered and consequently the answer of each question is accounted as a step toward accomplishing the main aim of this paper. The questionnaire contains of 24 questions as the below table:

**Table 1:** Questions.

Number of questionnaire answers	Variable in question	Row
8-1	Initial Brand Image Mental	1
10-9	Perceived Fit	2
13-11	Fitness with the Brand Image Mental	3
16-14	Brand Extensions Approach	4
24-17	Final Brand Image Mental	5

**1.3. Statistical society, sample volume and sampling method:**

Statistical society includes minoo customers of the city of Arak. Sampling as well as sampling is available. The overall sample size in structural equation modeling could be between 5 to 15 for each variable can be determined.

$$5q \leq n \leq 15q$$

In that : q = The questionnaire items (Observed variables) n = sample

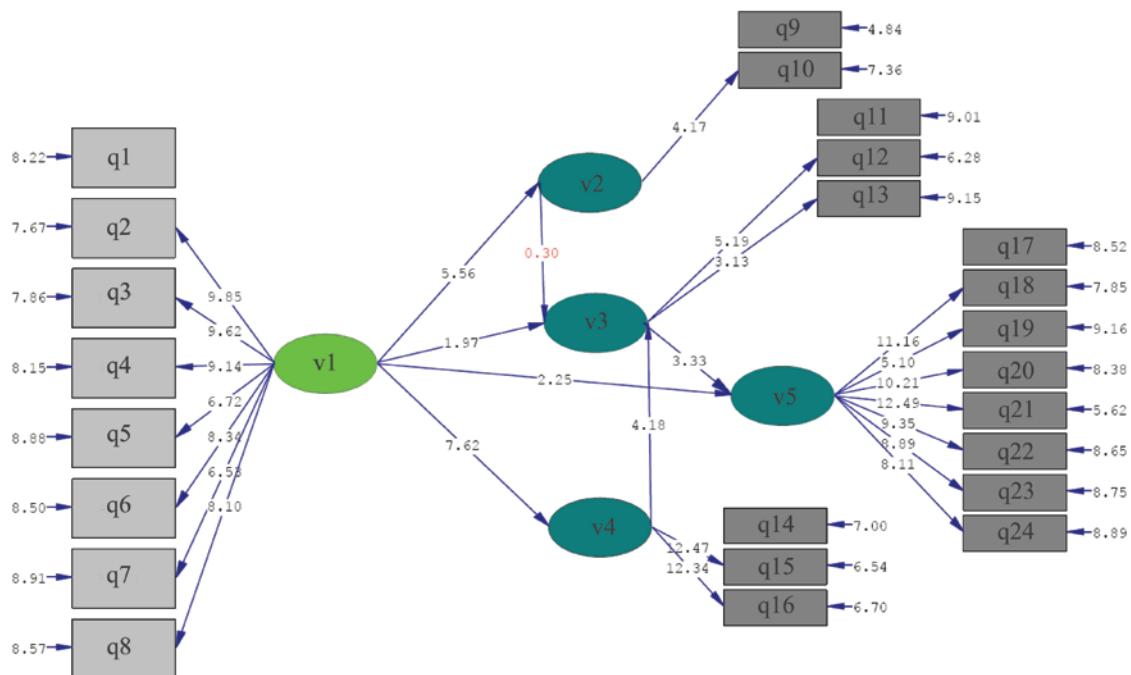
This is a 24item questionnaire. Thus, taking into account the view of at least 5 per item at least 120 samples to be calculated.

**1.4. Data analysis method:**

One of the most important methods in analyzing data is multi variant method, because this type of issues is multi variant and it is not possible to solve them by a bi-variant method. Lisrel or SEM (Structural equation modeling) is a powerful multi variant technique from the group of multi variant regression or is a General linear model which allows researchers to do some of the regression equations simultaneously. In this research, this method (LISREL) was used.

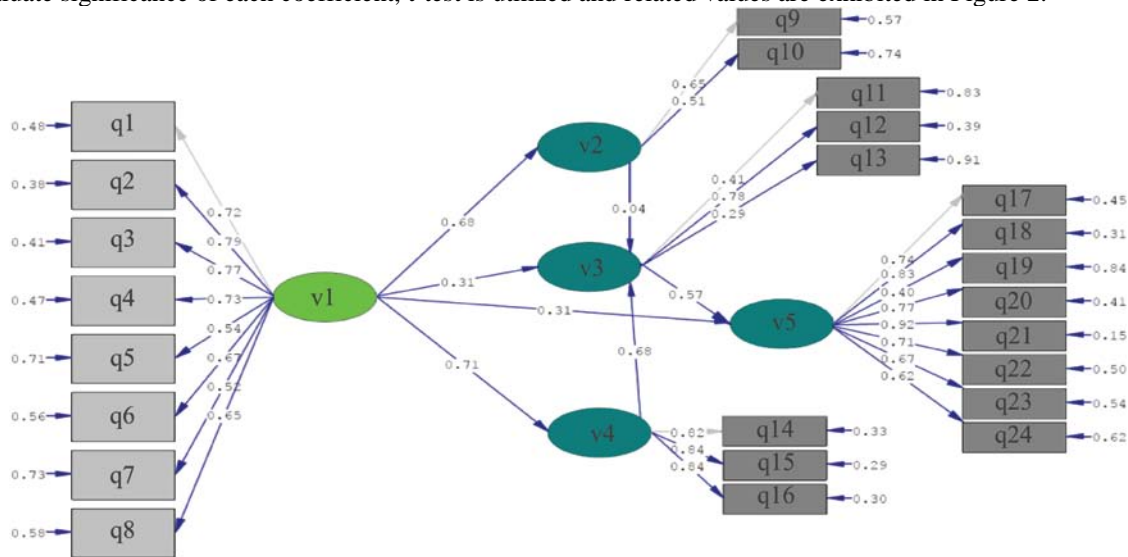
**RESULTS AND DISCUSSION**

Analysis as a scientific step and substantial base of every research control all research activities until result achievement, in other words, analyzing the result is a method through which all processes of research from problem selection to result achievement could be controlled. To analyze this research hypothesizes and based on presented model, to analyze effect of existent elements on each other, structural equations have been used. As shown in Figure 2 variables which have been defined in model are independent in one equation and dependent in another one and this cause interconnection and intertwining of equations in this figure. Therefore, all of equations should be considered concurrently.



**Fig. 2:** T-test value for each coefficient.

In fact, this group of equations determines hypothesized relations between latent variables in model, and through its indefeasibility, standardized regression coefficients are calculated (B, route coefficients). Also to evaluate significance of each coefficient, t-test is utilized and related values are exhibited in Figure 2.



**Fig. 3:** Estimated value for each route coefficient.

### 2.1. Evaluating effect of variables on each others:

Brief results of structural equations, include route coefficients and related T value, are shown in following table. Table 2 shows direct effects of latent independent variables on dependent ones and direct effects of latent dependent variables on dependent ones.

**Table 2:** Direct effects of latent variables on each others.

Hypothesis	Relation	Parameters	Structural coefficient	T	Comparison with critical value	Significant
H1	V1 → V2	$\gamma$	0.68	5.56	5.56 > 1.96	Significant
H2	V1 → V3	$\gamma$	0.31	1.97	1.97 > 1.96	Significant
H3	V1 → V4	$\gamma$	0.71	7.62	7.62 > 1.96	Significant
H4	V1 → V5	$\gamma$	0.31	2.25	2.25 > 1.96	Significant
H5	V2 → V3	$\beta$	0.04	0.30	0.3 < 1.96	Meaningless
H6	V4 → V3	$\beta$	0.68	4.18	4.18 > 1.96	Significant
H7	V3 → V5	$\beta$	0.57	3.33	3.33 > 1.96	Significant

### 2.2. Goodness of fit tests:

When a model has sufficient theoretical background, in the next step it is time to assess the proportion of this model with collected data by the researcher. Therefore some of goodness of fit tests, used for this research data and model, are surveyed.

#### 2.2.1. Root Mean Square Error of Approximation (RMSEA):

This index is based on  $\chi^2$  eccentric parameter and is less impressible by sample size. RMSEA could evaluate average of unfitness per each degree of freedom. In this paper, this value is equal to:

Root Mean Square Error of Approximation (RMSEA) = 0.074

Because RMSEA=0.064, therefore this research data fit to this model relatively good enough.

#### 2.2.2 Goodness of Fit (GFI) and Adjusted Goodness of Fit (AGFI):

These values are impressible by sample size and for models which have been poorly determined could be high. Values higher than 0.9 for these indexes, indicate fitness of data to this model is adequate. Values gained for this model are equal to:

Goodness of Fit Index (GFI) = 0.79

Adjusted Goodness of Fit Index (AGFI) = 0.74

Both items show that this research data fit the model near sufficiently.

### 2.2.3 Root Mean Square Residual (PMSR) and (SRMR):

Lower than 0.08, implies good fitness of model on the data.

In this paper values gained via software are as following:

Root Mean Square Residual (RMR) = 0.086

Standardized RMR = 0.086

### 2.2.4 Normed Fit Index (NFI), Non- normed Fit Index (NNFI) and Comparative Fit Index (CFI):

Values higher than 0.9 for these indexes imply good fitness of model on the data. Values gained for these indexes are equal to:

Normed Fit Index (NFI) = 0.88

Non-Normed Fit Index (NNFI) =0.94

Comparative Fit Index (CFI) =0.95

Incremental Fit Index (IFI) =0.95

Value of indexes are higher than 0.9, therefore this data could fit the model relatively good.

### 3. Conclusion:

Based on data analysis by using LISREL method and confirming the related hypotheses except 5th one, it was observed that all variables have a significant relationship with each other and affect each other positively and directly. Finally, it can be concluded that the initial brand image mental has a positive and direct effect with perceived fitness, approach toward brand extensions, fitness with brand image mental and also the final brand image mental. Also there are positive and direct effect between fitness with brand image mental based on an approach toward brand extensions and this approach with the final brand image mental but there is a positive relationship between perceived fit with an approach toward brand extensions except a significant relationship. Since trade brand, introducing and expanding it, is very important for the organizations and marketing managers, and also have a significant role in controlling and decreasing the costs, therefore they are the most important intangible assets of companies and due to the response of consumers to these trade brands, studying the effective factors in this field are so important.

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