THE EFFECT OF BRAND EXTENTION ON BRAND EQUITY IN THE CONSUMER ELECTRONIC AMONG THE YOUTH OF USIU AFRICA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

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A Research Project Report Submitted to the Chandaria School of Business for the Award of a Master’s in Business Administration Degree (MBA)

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AFRICA

SUMMER 2019
STUDENT’S DECLARATION

I declare that this marketing research proposal is my original work and has not been presented in any other university.

Signed: ___________________________  Date: ___________________________

Eshan Yagnik (656395)

The project has been presented for examination with my approval as the appointed supervisor.

Signed____________________________.  Date___________________________

Dr. Njenga Kefah Muiruri.

Signed____________________________  Date___________________________

Dean, Chandaria School of Business
ABSTRACT

The general objective of this research was to establish the effect of brand extension on brand equity in the consumer electronic among the youth of USIU Africa. The study was guided by three specific objectives which sought to determine how different types of brand extensions influences brand equity, to determine the influence of brand loyalty on brand equity and to determine the influence of sales on brand equity.

The study utilized a descriptive survey research design and the population constituted of 5106 Undergraduate students undertaking their studies at USIU Africa. By utilization of a sampling method a sample of 371 respondents was arrived at out of whom 365 responded giving the study a 98% response rate. A questionnaire with a mix of multiple choice, close ended and open-ended questions was used to collect primary data. The data was analyzed using Statistical Package for Social Sciences (SPSS) where the descriptive statistics was measured by use of frequencies while inferential statistics was measured using correlation and regression analysis. The results were presented in tables and figures.

The first research objective was how different Brand Equity of a company types of Brand Extensions influences. Responses showed that electronic companies should focus on Product line Extension while second highest response being towards product depth extension. A Pearson correlation analysis was done to establish the relationship between brand extension and Brand equity and the result shows that Brand Extension had a weak and negative significant relationship with Brand Equity.

The second objective sought to understand if the brand loyalty has any significant effect on a company’s overall brand equity. Analysis was done focused on understanding the importance of a parent brand in the customer’s mind showed that majority do not find the knowledge of the parent brand as important when buying a new product. The regression conducted to determine the level of relationship between brand loyalty and brand equity indicated that there was no significant level of brand equity can be determined by brand loyalty.

The last objective sought to understand if the sales has any significant effect on a company’s overall brand equity. The study was aimed at establishing respondent’s feedback on whether too many products make the company too profit oriented rather than
customer oriented. The results indicated that most response accounting agreed to the statement. To establish the factors affecting the sale of electronic items findings revealed that consumers give priority on quality, this was followed by Guarantee & Maintenance, ease of use and brand awareness. Correlation analysis done to shows the relationship between sales & brand equity revealed that sales had a weak but positive significant relationship with brand equity.

The study concluded that brand extension and brand equity have a weak role in brand equity and customer service came out to be the most important aspect in an electronic company and its brand extension strategies do have a slight impact on its brand equity. Secondly, the study found that when customers do not have first-hand knowledge about the parent brand it does not stop them from buying new products of new brands in the electronics industry, the product loyalty depends solely on its features and pricing. Lastly, when a company offers too many products the company can be perceived as profit oriented and new product launches can lead to decline in sales of existing products in the market. The various factors affecting sales of electronic items were also revealed based on their importance where quality came out at highest importance and salesman appearance came out at lowest.

The study recommended that features of every new product must have a distinct difference from its previous version or model and while launching unrelated products may not be harmful to sales it may have a drastic effect on brand equity. The study also suggested that customers must be made aware of the parent brand at all times, this leads to higher customer loyalty as new products may not have the desired perceived quality but the parent brand would. Finally, the study recommended that when customers find too many products in the market it may lead to this image. When new products are launched, sales of old products may decline, thus, electronic companies must prepare immediate and effective strategies to deal with convincing customers on its switching cost and perceived quality of new products to be positive.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

An American scientist called Joseph Henry invented the first electronic device around 1835. He developed a remote switch called a Relay, which worked magnetism and currents. It was part of a telegraph and was later used in a telephone (Woodford, 2018). Since then innovation has led us to some amazing breakthroughs in the electronic world. From a simple relay switch to AI, consumers now look for ways to simplify their lives and save time, new innovations and features are increasingly being integrated into electronics devices to simplify consumer life. With such high demands and standards form consumers, the consumer electronic companies have no choice but to invest their time and effort in creating the perfect Product Mix or the right Brand Extension to be the best in the market.

The consumer electronics industry produces and sells products such as televisions, computers, smartphones, cameras etc. Some of the major companies in this category may include, Samsung, Apple, GoPro, HP, Microsoft, Sony and many more. The demand for smart electronics devices continues to rise especially in the last 3 years and manufacturers have to be flexible and adaptable to keep up with constantly evolving electronics demands keeping in mind that Innovation is the key that prevents a downward spiral in sales across mature product categories such as laptops and televisions, pointing to the need for an innovative, forward-thinking mindset in order to evolve along with always-shifting trends and demands (Hooper, 2017).

Brand extension affects a product’s brand image both positively and negatively, while the fit between the parent and extension brands decreases the negative effect. In order to gain competitive advantage in this tough competitive industry is not an easy play, and reducing price or increasing brand awareness is not the only strategy that a company can use. Brand Extension in simple terms is how a company can reach the maximum possible number of consumers with various choices. The process of Brand extension includes using a name of an existing brand to enter a new market with a completely new product line, introduce a new product in an existing product line, modify or renew a current product. While the association of the products with the parent brand can influence the customer thinking about the product mix, if the customer is loyal to a parent brand than the chances of adopting the extended brand is always positive.
When it comes to brand extensions, according to Kotler & Keller (2012) brand extensions facilitate two main advantages to companies i.e. higher acceptance rate of new products and positive feedback provision. Consumers create an expectation based on current and past knowledge, along with parent brand benefits. Certain examples can include offering easy connectivity among same brand electronics such as laptops, mobiles and smartphones. Successful brand extensions then lead to further subsequent extensions. When a brand extension is successful companies can use four key secondary associations to keep the customers loyal and reminding them of their presence. These four associations include people (employees, endorsers or sponsors), places (country of origin, channels), things (events, endorsements) and finally other brands (alliances, extensions etc.).

On the downside, brand extensions cause the brand name to be less strongly identified by any one product (Kotler & Keller, 2012). For example, linking the brand to food & beverages Samsung could lose the core image of the company as being a electronics pioneer. If an electronic firm launches extensions that consumers deem inappropriate, they may question the integrity of the brand, become confused or even frustrated as to what is good for their usage. This is also called as “Line Extension Trap” by many marketers. It harms not just the new product but also the parent brand image. The study focused on addressing such issues and gave an idea on what the customers think about such a scenario.

Brand extensions must be judged by marketers as per how effectively it leverages the existing brand equity as well as how effectively, in turn; it contributes to the parent brand’s equity. Marketers should ask a number of questions in judging the potential success of an extension. Does the parent brand have strong equity? Is there a strong basis of fit? What are the optimal points-of-parity and points-of-difference in the brand extension? How can marketing programs enhance extension equity? Will the extension have positive or negative implications for parent brand equity and profitability? How should feedback effects best be managed? With all these points in mind, it’s crucial for a brand to have a strategy that makes it look good, sets it apart from the competition, and makes the customers happy. But in trying to make the customers happy, product mix can have both a negative and positive effect on the trust and loyalty of the consumers. Eriksson (2015) talks about a memo written by Neil H. McElroy at Procter & Gamble, modern product management started in 1931. A justification started to hire more people, but in turn became a cornerstone in thinking about brand management and ultimately product management. In today’s date Product
Management is a stand-alone function. It is critical because it aligns the product development team directly to the business goals, missions and visions (Eriksson, 2015). Product management is now a path to sustainable competitive advantage and is an integral part of any organization. It has a major effect on brand image and brand equity. One of the biggest industries in the world is the electronics industry, which requires a perfect product mix in order to survive. A company that produces just one product cannot sustain in the market very long. A brand must have at least 4 to 5 products within its belt in today’s era to establish a trust and loyalty in consumers.

In the African market, Nigeria Breweries has had brand extension success, particularly with Guinness brand. Guinness has successfully extended brand name to Guinness Foreign Extra, Guinness Extra Smooth, and Malta Guinness. Several companies in Kenya have used brand extensions as a way of leveraging on their existing brand names, or cut on costs of new product introduction to the market. For instance, EABL (East African Breweries Ltd) has leveraged on Tusker beer becoming a household item and brand recognition in the market to introduce new beer products using the parent brand. On a more relatable brand extension, Safaricom in Kenya has been tremendously successful with its brand extension strategies while introducing the NEON smartphones that offer all features of a smartphone at low prices while providing additional benefits from the parent brand being Safaricom. While their competitors such as Airtel and Telkom were not so successful on introducing their own products under their own brand names.

According to Kotler & Keller (2016) brand equity is the added value endowed to products and services with consumers. It may be reflected in the way consumers think, feel, and act with respect to the brand, as well as in the prices, market share, and profitability it commands. Organizations, especially companies selling electronic products face extensive competition globally, this forces them to adapt to or create new strategies to establish a credible competitive advantage. Keller (2008) states that establishing a brand image is one of the most expensive exercise that most companies fail to achieve. Customers responses to marketing activities depends on what they remember and know about a brand, this either increases or decreases the long-term success of future marketing actions. To establish or reinforce Brand equity, marketers convey the brand meaning in terms of core benefits offered, needs the products satisfy, how it makes the brand superior and what the products represent (Kotler & Keller, 2016). This requires the brand to keep moving forward with
new and compelling offers and products along with new ways of marketing them. Kotler & Keller (2016) state that when change is necessary, marketers should vigorously preserve and defend sources of brand equity. Kotler and Keller (2016) also state that a successful category extension may not only reinforce the parent brand and open up a new market but also facilitate even more new category extensions. The success of Apple’s iPod and iTunes products was that they: (1) opened up a new market, (2) helped sales of core Mac products, and (3) paved the way for the launch of the iPhone and iPad products.

Line extensions may cause the brand image or name to be less strongly identified with any one product in the market on the downside. A brand is a name given to a product or service which provides an identity to it. Brands are usually different from products, brands are related to what the customers buy whereas products are related to what the companies make. A brand is considered as an accumulation of functional and emotional associations (Bhasin, 2018). A brand can be classified as various themes such as a logo, a company, a system, a personality, a service, an image in the consumer mind etc. (Maurya, & Mishra, 2012). Brand audits measure “where the brand has been,” and tracking studies measure “where the brand is now” and whether marketing programs are having the intended effects (Kotler & Keller, 2012).

The youth in any country may be a major determinant of brand success, brand image and brand extension success. The major target audience of the study focused on college students in order to understand what they think about brand extensions. The youth between the ages of 18 to 24 may not be buyers of electronic items necessarily being students, but they have a major influence on friends and family on purchase of products. This can involve them pushing their parents to buy certain electronic products that are the latest in the market which certain people above a certain age may not be aware of. The second age group is between 25 to 30 who may be the main purchasers of products being able to provide financial resources for the same. These are the major target audiences after the previous age group that marketers target while creating marketing strategies. In brief the youth of any country are the trendsetters of electronic items in this digital age. When smartphones and laptops define everyday life, it is very much necessary to keep up to the growing market, this is where the youth are on the go with any news about new innovations and technology introduced to the market. Apart from being a versatile college, USIU – Africa
also provided a cosmopolitan and diverse range of students within its campus allowing the perfect target location.

1.2 Statement of the Problem

Steve Job’s (2010) belief was that “If Apple kept putting great products in front of customers, they would continue to open their wallets”. It was Steve Jobs ability to see the incredible possibilities of technology that has been a major contribution that drove Apple to create and innovate products like no other company. But not all companies lead to achieving the same vision and future that Steve Jobs had created. According to Arslan and Altuna (2010) brand extensions affect the product brand image negatively, whereas the fit between the parent and extension brands decreases the negative effect while the study focused on perceived image and quality before the extension. While in Kenya, a study by Jackinda (2016) shows the analysis of brand extension strategies, resulting in there being no specific or common brand extension strategy to be used but rather strive to customize own brand strategy by commercial banks within Kenya. Buil, Martínez and de Chernatony (2009) found that the initial parent brand equity and the perceived fit (category and image fit) have a positive effect on consumers’ attitude toward brand extensions. Consumers’ attitude and the initial parent brand equity also influence parent brand equity after the extension although their study focused mainly on two markets that is UK and Spain.

The study was undertaken due to the lack of research and information on to what extent does brand extension have an effect on the brand equity, specifically in the consumer electronics industry. Thus, this study focused on finding out what type of brand extension or product mix affects brand equity in what way, does introduction of new products affect the loyalty and sale of current products in a market and does age and gender effect the buying decision for consumer electronic products such as Mobiles, Televisions, Laptops etc. Another reason that motivated the pursuit of this topic was because of personal experience. A brand like Samsung introduces a new phone in the market so fast that it diminishes the market for its own products introduced earlier. And thus, evoking the thought process that what is the company’s true motive, is it to just keep the customer in a hang that a new model has come in and he/she cannot continue with an old model or is it truly to provide the consumers with various options with various cost options. Product mix has a vast effect on not just one product but on all products the company has under its belt.
1.3 General Objective
The objective of this study was to explore the effects of different dimensions of brand extensions and answer certain questions in regards to the dimensions.

1.4 Specific Objectives
The study was guided by the following specific objectives:

1.4.1 To determine how different types of brand extensions influences brand equity.

1.4.2 To determine the influence of brand loyalty on brand equity.

1.4.3 To determine the influence of sales on brand equity.

1.5 Importance of Study

1.5.1 Management of Electronic Firms
The discoveries of the research will be helpful to the management of electronic firms in enabling and guaranteeing that the strategies set up, are fully implemented. To understand whether their brand extension strategy or product mix is right or wrong and what is the current image of their brand in consumer minds.

1.5.2 Marketers
The study will be of significance to the marketer, as it will help them comprehend how brand extensions, brand loyalty and sales on brand equity. This study enhances a marketer’s knowledge of consumer psychology by giving various factors that would help determine future behavioral pattern and would explain loyalty for some brands.

1.5.3 Policy Makers
The research will also be of importance to the relevant policy makers in the government. It will ensure the policies they make will be of positive impact to strengthening strategy implementation in firms. The findings will also help them to understand how the implementation of a new product mix/product can be marketed to potential consumers to avoid negative responses.
1.5.4 Academicians and Researchers
The study can also be used as a reference material for future researchers on similar points and thus help various academicians who will conduct similar studies. This study also gives importance to other areas that have not been researched on. Academics and Researchers will also be able to understand the concepts of brand extensions and its dimensions in order to further facilitate researches.

1.6 Scope of the Study
The scope of this project was to investigate the mediating role of brand extension on the relationship between the company’s brand and brand equity. The study also had a scope to understand the various types of customers that every brand has, and does the difference in mindset play a key role in the relationship between product mix and brand Image. For example; a customer can either be with, against or neutral about a famous brand engaging in continuous product mix process. The scope of the study also focused on laying out examples, disadvantages and problems faced by major brands in the electronics industry while creating a perfect product mix or brand extension strategy and how their decisions affect the growth of the company. The study was conducted over a course of 6 months while interacting with different types of consumers in the process. The sample population targeted was mainly around USIU - Africa targeting the age groups of 18 to 24 and 25 to 50. The date was collected between week 11 and week 12 of summer 2019 semester.

Marketing research studies consumer behavior and marketing environment. Since these factors keep on changing, it cannot give exact information all the time. The information gathered cannot be an alternative to the decision-making and it only aids in the decision-making process. Certain other aspects such as time taken, costs incurred, non-availability of original data, and no accurate results created problems in the research process. The limitations were overcome using the help of some undergraduate students in the school of business who were attending daily classes and helped with the scheduling of data collection in between break time.
1.7 Definition of Terms

1.7.1 Product Mix

The total range of products offered by a company. An alternate definition of Brand Extension (Maximilian, 2015).

1.7.2 Brand Extension

Brand Extension is the use of an established brand name in new product categories. This new category to which the brand is extended can be related or unrelated to the existing product categories (Juneja, 2018).

1.7.3 Brand Expansion

The process of introducing a brand into a larger market or area (Juneja, 2018).

1.7.4 Brand Image

It is the current view of the customers about a brand. It is within the minds of target customers as a unique bundle of associations. It signifies what the brand presently stands for (Juneja, 2018).

1.7.5 Brand Loyalty

Brand Loyalty is a scenario where the consumer fears purchasing and consuming product from another brand, which he does not trust. It is measured through word of mouth publicity, price sensitivity, repetitive buying, brand trust, commitment, customer satisfaction, etc. Brand loyalty is the extent to which a consumer constantly buys products in the same category with the same brand (Juneja, 2018).

1.7.6 Product Line

Product line is a group of related products under a single brand sold by the same company. Companies may sell multiple product lines under their brand (Kenton, 2001).

1.7.7 Brand Equity

Brand equity refers to a value premium that a company generates from a product with a recognizable name when compared to a generic equivalent. Companies can create brand equity for their products by making them easily recognizable, superior in quality & Ease of use and memorable. Mass marketing campaigns help to create brand equity (Hayes, 2019).
1.7.8 Product Width Extension

Companies have various product lines under its belt, a combination of the product lines is known as the product width of a company (CFI Education Inc. 2019).

1.7.9 Product Depth Extension

Products or the variety that fall within the scope of a single product line is known as the product depth of a company. This may include the sizes available, the colors a consumer can choose from, etc. all of which constitute the product depth (CFI Education Inc. 2019).

1.7.10 Product Length Extension

It is the number of products regardless of which product line it comes from. For example, Samsung’s product length consists of Mobile phones, mobile accessories, software’s etc (CFI Education Inc. 2019).

1.8 Chapter Summary

The chapter focused on giving us a brief idea of what Brand Extension entails in a company, its effect on customers and what is the main cause of the problem. The chapter allowed us to derive objectives and questions that must be answered by the end of the project. The study also highlighted the scope of the project and to whom shall it benefit the most. The next chapter highlights the reviewed work from authors who are industry experts and will allow us to further determine the root causes of such consumer behaviors that may affect the brand image. The chapter also clearly defined the Independent and Dependent Variables in the research giving a clear idea of the effect of Brand Extension and its Dimensions on brand Image.

The third chapter comprised of the research design and how the research was carried out on the field in order to collect the data. This allowed a clear data collection method to be put forward in order to implement the process. Chapter four shows the results & findings of the research based on the questionnaire. The Final Chapter summarizes the findings of the effect of Brand Extension, Brand Loyalty & Sales on Brand equity. It gives a clear summary of the entire study, discussions on each objective, recommendations on how to enhance every objective and finally a conclusion.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

The literature review was based on the effects of Brand Extensions on brand Equity. A conceptual framework was provided to illustrate and explain the independent variables and the dependent variable. This was followed by literature on brand extensions and brand equity. The literature following was based on brand loyalty and its relation to brand equity and finally the influence of sales on brand equity. This chapter focused on connecting various theories with regards to Brand Equity, brand loyalty and sales. It also analyses the causes of change in a customer’s loyalty or behavior towards the Brand because of a Company’s Brand Expansion Strategy. It gives the researchers an idea on where to start the study, while providing a review into basic human mindsets and preferences and what are the factors that cause these behavioral changes. Based on the following research questions: (1) Because of the Company’s Product Length: Can too many choices lead a consumer towards competitor products? (2) The Product Width of a Company: Can a company sell both high and low quality and retain brand loyalty? (3) The Product Lines: Does having too many product lines create an image of low-quality products in the minds of the consumers? (4) Product Depth within a product line: Does introduction of new products in a product line affect the loyalty and sale of current products in the market? We can establish the following theories as a credible connection to understanding the purpose of the study and the chapter.

2.2 Influence of Brand Extensions on Brand Equity

2.2.1 Brand Extension

It is the use of an established brand name to launch new product categories. The new product category to which the brand is extended can be related or unrelated to the existing product categories. A few examples of successful brand extensions are Wipro originally known for computers & software related products launched shampoos & soaps and Mars Chocolate Bars who launched successful new products such as chocolate drinks, Ice cream & Chocolate slabs (Juneja, 2018). Some of the advantages of brand extension can be noted as follows: Makes accepting a new product easier for the customer, Perceived risk by the customer reduces, Distribution of products is easy, Advertising and promotional costs for an established brand reduces cost, Variety of products for consumers.
Hwa-Dong (2013) noted that image of parent brand increases, increases market as new customers are targeted and Customers associate parent brand to new products as quality assurance. Some disadvantages of brand extension can be the Launch in new or unreliable markets can lead to loss, Brand extension gone too far can create an unreliable brand image, Failure of new products or markets can affect parent brand image, Difficulty to make consumers aware of new products, can lead to copies and fake products and May fail without a solid competitive advantage over competitors.

Brand extensions are the new products introduced under an existing brand name or a new entrant in a different category from the parent brand. Brand extension involves utilizing and applying the established core brand name to new products to obtain the equity of the original core brand and also to capture new and unexplored market segments. Extended brand both far and near with core brand are considered beneficial for core brand due to more profitability. Generally, it is assumed that recognized brand requires low cost and expenses of introduction such as advertising cost and sales promotions etc. Nevertheless, the extended brand success is uncertain (Sood & Keller, 2012).

Seltene and Brunel (2008) suggests that fast moving consumer goods have more failure rate of extension which is approximately 80%. Elements of brand extension provide insights of that may help to reduce the chances of failure of brand extension. These elements provide way to evaluate the attitude of consumers about extended brand and to know about their choices. Element’s important insights influence the success of brand extension.

2.2.2 Types of Brand Extension

Brand extension is discussed from various perspectives in the literature. There are mainly two different types of brand extension. These both types are discussed below: a) Horizontal Brand Extension: In horizontal brand extension, core brand name is used on new entrant product. There are two additional types of horizontal brand extension: line extension and franchise extension. In line extension, parent brand name is used to enter into new market segment with same product class and minor changes. Franchise extension use parent brand name to enter into new market with different product category (Huh, Park, & Shin, 2016).

Consumers often welcome the different variety as it provides them with more choice and satisfies their variety seeking needs. Franchise extension is referred to high risk but existing and new customers are motivated to buy a very different product which has been created
from existing brand names. The introduction costs are higher as compared to line extension due to customer’s unfamiliarity with the product, which results in increased marketing communications expenditures and distribution channel cost (Utrestantix, Warokka, & Gallato, 2012).

Ramanathan and Purani (2014) notes that Vertical brand extension describes the brand’s movement upward or downward with the same product category but with different price. Vertical brand extension provides an opportunity to increase the brand equity more quickly. Vertical brand extension is common practice among various industries like automobile, apparel, soft drinks etc. Lexus is a good example of vertical upward brand extension. However, vertical brand extension might create negative impact on the core brand and evaluation of its extended product when it was not perceived appropriately by consumers.

Brand extension has become more attractive in current environment as a strategy of marketing where new product development costs is expensive and could be consumes a lot of time thus, its economical to use a strategy that the customers know. The introduction of brand extension capitalize on already established brands’ capital name or corporate name or company name leading the market (Childs, 2017). The familiarity of consumer with the existent core brand name aids entry of new products into the market thus helping extension of brand to quickly capture new market segments. Thus brand extension strategy always perceived as advantageous because of reduction in cost of introduction of new products, advertising costs increased success chance due to high preference derived from the core brand equity and marketing research. Brand extension also produces possible reciprocal effects enhancing parent brands’ equity (Joshi & Yadav, 2016).

2.2.3 Brand Equity and its Determinants

According to Kotler and Keller (2016) Brand equity is the added value endowed to products and services with consumers. It may be reflected in the way consumers think, feel, and act with respect to the brand, as well as in the prices, market share, and profitability it commands. Brand equity is mostly studied with the use of a customer-based approach by viewing it from the customers perspective. Marketers do so by recognizing the power of a brand based on what customers have seen, read, heard, learned, thought, and felt about the brand over time (Kotler & Keller, 2016). Brand equity can be measured using some of the following Models: Brand Asset Valuator model was developed by the Advertising agency
Young and Rubicam (2015) (Y&R) that compares the brand equity of thousands of brands across hundreds of different categories based on four key components—or pillars.

Figure 2.1: Brand Asset Valuator Model

Energized differentiation measures the degree to which a brand is seen as different from competitors along with its perceived momentum and leadership. Relevance calculates the appropriateness and breadth of a brand’s appeal. Esteem measures how well the brand is regarded and respected, perceptions of quality and loyalty. Knowledge measures how familiar and aware consumers are with the brand (Young & Rubicam, 2015). BrandZ Model was developed by Marketing research consultants Millward Brown and WPP the BRANDZ Model (Kotler & Keller, 2012) brand building follows a series of steps as depicted below:

Figure 2.2: BrandZ Model (Kotler & Keller, 2012).
Presence – It is the active familiarity of a brand promise based on past trial, saliency, or knowledge. Relevance - Relevance to consumer’s needs, in the right price range or in the consideration set. Performance – It is a belief that it delivers acceptable product performance and is on the consumer’s short-list. Advantage - Belief that the brand has an emotional or rational advantage over other brands in the category. Bonding – Bonding is the rational and emotional attachments to one brand to the exclusion of most other brands. The challenge for marketers is to help consumers move up the pyramid as there are more consumers at the lower levels and “Bonded” consumers spend more on the brand and build stronger relationships.

2.3 Influence of Brand Loyalty on Brand Equity

2.3.1 Effect of Demography on customer Loyalty

In general, younger customers, especially those with in-depth experience searching the Internet, may exhibit less customer loyalty to individual businesses as a result of the wide variety of online stores. These shoppers do not experience the personal interactions inherent in visiting a physical location. Some older customers who are less interested in spending time visiting e-commerce websites to shop develop a comfort level with the particular businesses they frequently visit. As a direct consequence, these purchasers get to know specific business owners and employees and begin developing much-valued relationships over time, enhancing loyalty to the business (Dewi & Anandya, 2015).

The differences between male and female shoppers may extend to their shopping habits. Generally, the nature of females includes valuing long-term relationships more than their male counterparts. Women tend to recognize and exhibit loyalty to brands with which they become comfortable. Being more social, women initiate enjoyable interactions more readily with business owners and staff, laying the foundation for business loyalty. If employees consistently reciprocate these friendly overtures, the customer may come to expect the positive acknowledgement. This experience, can lead to customer loyalty when duplicated each time the customer visits the store (Leninkumar, 2017).

There may be a connection between better education and lower customer loyalty, related to the increased need of educated people for information on every facet of life in which they engage. Educated customers may be more aware of new stores or establishments that
may offer greater prices or a unique experience, and customer loyalty may be no match for the constant pushing of information from various sources, such as the TV, Radio, Mobile SMS’s and Internet. This might point to the need for businesses to become more competitive in their use of all forms of information absorbed by potential customers (Miller, 2014).

Customer satisfaction may occur when expectations are met and exceeded; however, expectations vary among different people. For example, a product may be highly appealing to one customer and not to another at all, as each person’s degree of satisfaction is different. Rather than attempting to effect customer loyalty solely through the products carried, businesses might more effectively garner consumer loyalty by learning more about what their own customers appreciate and value and working to meet those expectations (Lee, Lee, & Lee, 2015). Marketers typically combine several variables to define a demographic profile. A demographic profile (often shortened to "a demographic") provides enough information about the typical member of this group to create a mental picture of this hypothetical aggregate. For example, a marketer might speak of the single, female, middle-class, age 18 to 24, college educated demographic (Seth, 2017).

Demographics continue to be one of the most popular and well-accepted bases for segmenting markets and customers. By specifically identifying the key demographics of one’s target market, a basic profile of the targeted customer emerges. Even if other types of segmentation variables are used (e.g. behavioral, psychographic) a marketer must know and understand demographics to assess the size, reach and efficiency of the market. Moreover, demographics are easier to measure than other segmentation variables. Pointing out the importance of demographics and their relationship with marketing (Kim, 2015).

Three key demographic segmentation variables are age, sex and household income. Age is a simple, yet critical demographic variable, since purchases vary by age category. Age also allows a marketer to determine how wants and needs change as an individual matures. Further, proposed a “rational assumption” that age is a strong predictor of changes in attitudes and behavior. Age is inversely related to credit card use; younger adults use credit cards significantly more than older adults. With regard to the current study, there is a critical need to understand just how age affects perceptions of service quality by determining which elements of service quality are important to different age groups. Gender segmentation has grown in use over the years as marketers have recognized that women are a lucrative market
segment; therefore, marketers have become more sensitive to women’s attitudes and needs (Wrycza & Baudisch, 2012).

More recently, evidence revealing the female’s involvement with financial decisions in the household has been uncovered (e.g. Plank et al., 1994). Hence, understanding key differences between males and females about attributes of bank service quality is critical. Income segmentation has also been a popular demographic variable utilized by a myriad of product and service marketers. Income segmentation does not automatically assume targeting those earning higher salaries. Although companies such as Neiman Marcus and Mercedes may target those with higher earning power, a substantial number of businesses and brands direct their marketing efforts toward the lower and middle income households (e.g. Wal-Mart, Pontiac). Income segmentation also allows a business with target markets that cross income levels to promote different products and services to the dissimilar income groups. For example, a bank may advertise basic checking services to a lower income consumer, while offering sophisticated financial products to those enjoying higher incomes (Larrimore, 2011).

2.3.2 Drivers of Customer Loyalty

According to the customer loyalty theory (Lane, 2016), the following illustration can be used to understand what customers look for or what drives them towards being a loyal customer.

![Diagram showing the drivers of customer loyalty](image)

**Figure 2.3: Drivers of Customer Loyalty**
Service Quality - The customer service delivery function is focused on satisfying customers, which leads to creating customer loyalty. Customer loyalty is linked to customer satisfaction and customer satisfaction is linked to service quality. Quality service offered to customers can make them to be satisfy and can lead them to be loyal to the company.

Trust - The main benefit of trust is customer loyalty, which in turn leads to a longer-term relationship, greater share of wallet, and higher advocacy or word-of-mouth. A survey conducted to know the role of trust in customer relation, made interview with senior business marketing executives’ reveal the importance of trust as the highest criteria.

Switching Cost - When customers perceive switching costs to be high (associated with leaving the current relationship and establishing a new one), they tend to be loyal. Whenever a customer shrinks a business to another, undertakes some costs. It is the barriers that influence customer decision to change a provider. Switching cost includes the technical, financial, and psychological costs that make it difficult or costly for customers to change brands.

A switching cost for this reason can be seen as a cost that shifts customers from demanding a rival firm's product. Perceived Quality - One of the most important determinants of customer loyalty is the quality of the product that the customer perceives before or after it is launched. This depends majorly on the product mix of a company. A brand with a vast product mix may be perceived as low quality due to its presence in various markets. Habit - This vastly depends on the demographics such as age, education, religion, culture, social life etc. It may not be affected for a very long time, as habits are hard to die.

2.3.3 Theories of Customer Loyalty

The customer loyalty theory was developed by Michelle (2015), based on the consideration of some variable demographics, was developed over years of research studying the habits of consumers. The theory attempts to define what drives loyalty in customers and can represent an effective tool for gaining and retaining customers. All companies know that customer loyalty is an invaluable commodity. So, what affects their loyalty from the following?

Theory of Brand Loyalty was developed by Sheth and Park (1974) hypothesizes a total of seven different types of brand loyalty based upon the combinations. The types of brand loyalty include behavioral brand loyalty that involves directly a function of the repetitive
occurrence of purchase or consumption behavior. The consumer establishes a systematic biased response or habit simply due to frequency of encounters. It is relatively easy to generate behavioral brand loyalty by primarily ensuring that the time and place stimuli are made conducive to repetitive occurrence of purchase behavior, for example, making sure that the brand is available at all times, is easy to reach on the shelf, or that the display is strategically placed.

Behavioral - Evaluative Brand Loyalty on the other hand represents not only a systematic biased response toward a brand but concomitantly the consumer also has a consistent cognitive structure underlying his biased behavior. It states that the behavioral-evaluative brand loyalty is developed by the consequences following a purchase of the brand strengthen or weaken future behavioral tendencies and evaluations. Behavioral-emotive brand loyalty on the other hand represents the systematic and biased response tendencies towards the brand and that the consumer has emotive tendencies toward the brand. It is probably most common among children who are primarily the consumers of the brand and manifest effective, compliance or fear responses.

Behavioral - Evaluative - Emotive Brand Loyalty on the other hand is the most complex type of brand loyalty consisting of all the three dimensions. It is perhaps the most common type of brand loyalty which has been often suggested in consumer psychology and marketing. The behavioral-evaluative-emotive brand loyalty largely arises from the reinforcement learning of repetitive buying or consuming experiences. It is also likely to arise from the informational sources. Similarly, brand loyalty is based on one dimension only. It is lacking in both the emotive and the behavioral tendencies. It refers to the individual's positively biased evaluation of a brand strictly based on the perceived utility function of that brand. Since there is no behavioral tendency in this type of brand loyalty, experience is not the relevant source of learning. It is, therefore, likely to be either generalization or informational.

Evaluative and Emotive Brand Loyalty is probably more common than either simply the evaluative or the emotive brand loyalty. If consistency theories are of any usefulness, they have proposed a strong relationship between the evaluative and the emotive tendencies. The evaluative-emotive brand loyalty is often prevalent in consumer behavior for those products and services which are typically beyond the reach of the consumer, although he may strongly aspire for them. Type of brand loyalty consists of the emotive dimensions
only. There seems to be a number of areas of consumer behavior in which the individual has strong emotive tendencies toward a brand without any experience or evaluation. They believe that most of the stereotypes among non-users of a product or service fall into this category.

2.3.4 Equity Theory

The Equity Theory (Messick & Cook, 1983) holds that people develop and maintain brand loyalty to brands in which rewards are distributed in proportion to costs. When share of rewards is less than what is demanded by equity, people are likely to experience dissatisfaction and exit the loyalty towards the brand.

2.3.5 Brand Resonance Model

The brand resonance model (Kotler & Keller, 2016) views brand building as series of steps, from the bottom to the top: (1) ensuring customers associate a specific product to the brand and identify it; (2) establishing the brand meaning in customers’ minds by strategically linking a host of tangible and intangible brand associations; (3) evaluating the right customer responses based on brand-related judgment and feelings; (4) converting customers’ brand responses to active loyalty. Enabling the four steps establishes a pyramid of six “brand building blocks”. The model emphasizes duality of brands - the rational route to brand building is on the left side, and the emotional route is on the right side of the pyramid. One brand that has found much success going up both sides of the pyramid is MasterCard.

![Brand Resonance Model](image)

**Figure 2.4: Brand Resonance Model (Source: Kotler & Keller, 2016).**
2.4 Influence of Sales on Brand Equity

2.4.1 Sales and Brand Equity

Aaker (2010) argued brand equity is the result of past marketing investments like sales promotion. Similarly, Keller (1993) pinpointed that consumer’s brand knowledge, perception, attitude, intentions and behaviors towards a certain brand is the result of marketing investments by defining brand equity as “the differential effect of brand knowledge on consumer response to the marketing of the brand” (Keller, 1993). Among the different types of marketing investments, sales promotion is the most commonly used brand communication strategy used to build brand equity. Providing temporary incentives (sales promotion) to encourage customers to try and use a promoted brand is a common practice in many of the companies to convince customers to try or use a promoted brand.

Keller (2003) defined sales promotion as “short-term incentives to encourage trial or use of a product or service”. The incentives can be monetary or non-monetary. Obtaining short-term financial incentives is known as monetary promotion and add a value of “excitement” and bring “some computable economic saving” is known as non-monetary promotion. Though sales promotion is a key brand communication tool used in marketing promotion programs that influence brand equity scholars not yet agreed on the effectiveness of sales promotion on the creation of brand equity.

Frequent use of sales promotion especially price oriented are very effective to bring short-term benefits such as increasing market share, encouraging brand switches, generating sales traffic, and inducing product trial usage and obtain short-term financial profit. However the frequent use of price-oriented promotion is not recommended by scholars and it has a negative effect on the creation of brand equity. Some of the proposed reasons are, it may provoke consumer confusion, instability and variability and this lead to an image of unstable quality in consumer’s mindset can deteriorate brand equity in both perceptions of the brand’s quality and its image leads consumers to think primarily about price instead of brand.

Consumer who purchases a discounted product often attributes it is discounting because the product is a poorer quality product; lower the distinctiveness for the firm’s products may create price sensitive customers and consumers may infer “low product quality because they lead consumers to think primarily about price deals” instead of the utility
2.4.2 Traditional Organization Versus Modern Customer-Oriented Company Organization

Managers who believe the customer is the company’s only true “profit center” consider the traditional organization chart in a pyramid with the president at the top, management in the middle, while the frontline people and customers remain at the bottom obsolete. Successful marketing companies invert the chart. At the top are customers; next are the frontline people who meet, serve, and satisfy customers; under them are middle managers, whose job is to support the frontline people; while at the base is the top management, whose job is to support and recruit good middle managers. Increasingly informed consumers expect companies to do more than just connect with them. With the rise of digital technologies such as the Internet, they expect companies to listen and respond to them. This theory supports the ultimate product mix strategy that the organization adopts must be based solely on customer feedback and demand. It also suggests how the organizational chart affects the product mix in the organization (Kotler & Keller, 2016).

![Organization Chart](Source: Kotler & Keller, 2016).

2.4.2 Customer Perceived Value Theory

According to Kotler & Keller (2016) consumers are better educated and informed than ever, and they have the tools to verify companies’ claims and seek out superior alternatives. As per their theory customers tend to be value maximizers, within the bounds of search costs
and limited knowledge, mobility, and income. Customers estimate which offer will deliver the most perceived value and then act upon it. If the offer lives up to expectation or not affects customer satisfaction and the probability that the customer will purchase the product again. Kotler & Keller summarized Customer-perceived value (CPV) as the difference between the prospective customer’s evaluation of all the benefits and all the costs of an offering and the perceived alternatives.

Total customer benefit is the perceived monetary value of the bundle of functional, psychological, and economic benefits customers expect from a market offering because of the service, product, brand image, and people. Total customer cost is the cost customers expect to incur while evaluating, obtaining, using, and disposing the product, including monetary, time, energy, and psychological costs. Customer-perceived value is thus based on the difference between benefits the customer gets and costs he or she assumes for different choices. The marketer can increase the value of the customer offering by raising functional, economical, or emotional benefits and/or reducing one or more costs. The theory can be illustrated as follows showcasing the determinants of CPV:

![Figure 2.6: Customer Perceived Value](image)

**2.4.3 Attraction Theory**

The attraction theory (Aroson, 1980) postulates that one is attracted to a product on the basis of Physical appearance, thus as a customer can be attracted to a mobile phone product based on their convenient choices as their trust on the company, physical attractiveness of the company & service quality offered.
2.5 Chapter Summary

The main objective of this chapter is to investigate the theoretical perspective of product mix/Brand extension and its effect on a customer’s Brand Image. Development of technology and service marketing has led to a new approach that emphasizes long term and close relations with customers. Company's efforts are now to develop and maintain a close relationship with customers to develop customer loyalty. But the number and type of products a company has to offer may affect this. It highlighted the reviewed work from authors who are industry experts and allows us to further determine the root causes of such behaviors that may affect the brand image. The chapter also clearly defined the Independent and Dependent Variables in the research giving a clear idea of the effect of Brand Extension and its Dimensions on brand Image. The third chapter shall comprise of the research design and how the research will be carried out on the field in order to collect the data. This will allow a clear data collection method to be put forward in order to implement the process. Chapter four shows the results & findings of the research based on the questionnaire. Chapter Five summarizes the findings of the effects of Brand Extension, Brand Loyalty & Sales on Brand equity. It gives a clear summary of the entire study, discussions on each objective, recommendations on how to enhance every objective and finally a conclusion.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This third chapter defined the research methods used to conduct the study. The researcher explains how the necessary data and information to address the research objectives and questions were collected, presented and analyzed. Reasons and justifications for the research design, research instruments, data sources, data collection techniques, data presentation techniques and analytical techniques used are given below.

3.2 Research Design
A Research Design is a plan or structure for an investigation of specifications and procedure for conducting and controlling a research project. By definition, it can be described as a master plan, which indicates the strategies & methods for conducting a research (Burns, Bush, & Veeck, 2017). The design used a descriptive survey research method in order to understand the customer’s mindset to analyze the effect of a company’s product mix on its brand image. Questionnaires are used to elicit information in a survey research. The Research design helps portray an accurate profile of persons, events and situations. The research design also allows for in-depth analysis of variables and elements of the population to be studied and as well as collection of large amounts of data in a highly economical way. It enables generation of factual information about the study.

3.3 Population & Sampling Design
3.3.1 Population
The target population for this included men and women equally between the ages of 18 and 30 as they are regarded as the trendsetters of a country or purchasers of a product. The main target audience shall be found at mainly one type of location; being USIU. As the research design is not descriptive and is based mainly on multiple choice questions and interviews, the number of target audience that can be evaluated does not need to be very large.

As a private university, USIU – Africa has a mix of students from different nationalities who are literate in technology and its implications. The total population of USIU is 6588, out of which 143 are doctorate students, 1339 are graduate students and 5106 are Undergraduate students. The sample will be selected from the above focusing on only Undergraduate Students. The following sample was selected because it consists of the
perfect target audience who are very much literates in technology and are heavy users of the same. It is also an economical selection saving cost and time while providing a cosmopolitan mix of audience members.

Table 3.1: USIU – Africa Population

<table>
<thead>
<tr>
<th></th>
<th>Undergraduates</th>
<th>Graduates</th>
<th>Doctorates</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>USIU</td>
<td>5106</td>
<td>1339</td>
<td>143</td>
<td>6588</td>
</tr>
<tr>
<td>Percentage</td>
<td>77.5</td>
<td>20.32</td>
<td>2.18</td>
<td>100</td>
</tr>
</tbody>
</table>

3.3.2 Sampling Design

According to British, (2016) a sample design provides the framework for gathering the information required and the way the sample itself is selected. It covers the method of selection, the sample structure and how to analyze and interpret the data once it’s obtained. The sampling design comprises of the Sample Size, Sampling Technique and Sampling Frame.

3.3.2.1 Sampling Frame

The sampling frame is a listing of the members of the target population that can be used to create and/or draw the sample (Stevens, 2006). The sample frame for this study was students between the ages of 18 to 30. The data for the sample frame was provided by the Registrar’s office at USIU – Africa.

3.2.2 Sampling Technique

According to Stevens and Robert, (2006) “A sampling technique determines the target population and defines the sampling frame. The initial consideration in the selection of a sample is whether or not to employ a probability sampling procedure or a nonprobability sampling procedure.” In this study we used simple random sampling technique going into a simple random sampling. Simple random sampling is a sample of individuals that exist in a population; the individuals are randomly selected from the population and placed into a sample. This method of randomly selecting individuals seeks to select a sample size that is an unbiased representation of the population (Nickolas, 2019). In our case the samples were found in one physical location, being USIU – Africa campus while the others were
based on the replies collected through the Internet forms circulated specifically to USIU –
Africa student via WhatsApp and Google forms.

3.3.2.2 Sample Size
The Sample size of a research study is a term used for defining the number of subjects
included in a sample. By sample, we understand a group of subjects that is selected from
the general population and are considered a representative of the true population for that
specific study (Omni, 2019). As the sample size is a probability sample the chance of any
element of the population being chosen for the sample is unknown. The sample size was
derived based on 95 percent confidence interval at 5% error and calculated based on the
Yamane (1973) formula as follows:

\[ n = \frac{N}{1 + N (e)^2} \]
Where \( n \) = Sample Size
\( N \) = Population
\( E \) = Confidence Interval
\[
\begin{align*}
n &= \frac{5106}{1 + 5106 (0.05)^2} \\
n &= \frac{5106}{1 + 12.765} \\
n &= \frac{5106}{13.765}
\end{align*}
\]
\( n = 371 \) Undergraduate Students

3.4 Data Collection
Data collection method is the process of collecting raw or secondary data for the
purposes of answering a study research questions (Cooper & Schindler, 2014). The
study was carried out using questionnaires and an Online form using Google Forms
which was shared specifically to the required age group through WhatsApp. The data
collected was Primary Data only. A questionnaire is a formalized list of questions that
are used to solicit information from respondents. For this research we made use of both
structured and unstructured questions to gather necessary data. Structured or closed questions are meant to save the respondents’ time and get definite answers. The questionnaire survey also provides greater uniformity across research situations as respondents respond to the same standardized questions.

3.5 Research Procedures
The research procedure was provided to layout the steps that were devised and followed by the researcher from inception of the study, to data analysis and presentation. The study was first sent across to the authorities at USIU – Africa for approval mainly being the supervisor. Once approved a letter of research allowance was granted by the school of business. This letter was then attached to every questionnaire handed out to students for filling. After receiving the letter, a pilot study with 15 students was conducted to ensure that the questionnaire was well drafted and structured and to review the response rate.

The element of anonymity enhanced the chances of getting honest responses. The questionnaires were delivered in person and via Google Forms. Questionnaires were distributed after initial communication with the respondents to seek consent. The respondents were given between 5 to 10 minutes to answer the questionnaires after which the questionnaires were collected for analysis. No public postal service was used to distribute questionnaires. Online Forms provided an additional data collection. The forms were shared using a link on WhatsApp and other messaging platforms only to specific audience members being USIU – Africa students below the age of 30.

A reliability test was conducted to study the reliability of the questionnaire which requires a Cronbach alpha of 0.7. The reliability analysis showed a Cronbach Alpha of 0.894 which was used to make slight changes in the questionnaire to restructure and simplify it. Research assistants mainly being Undergraduate students were used to collect data from students within the school of business. Upon collection completion, the data was entered into the data analysis tool known as Statistical Package for Social Sciences (SPSS) ready for analysis.

3.6 Data Analysis Method
Creswell (2014) defines data analysis as the process of converting raw data into meaningful information that answers the study questions. It is also the process of Modeling, Inspecting and transforming raw primary data into meaningful information. Data was analyzed on the
basis of the number and types of responses given. The focus here was on qualitative primary data as we intend to find out what might be the cause of change in brand image, which is highly based on social, cultural, emotional and economic factors of consumers. Out of the several ways of data presentation very clear, accurate and appropriate ways of presenting data were chosen. Data analysis for the study also included the correlations between the Independent Variables and Dependent Variable. Regression analysis shall be done to understand the level of relationship between the variables and the Dependent variable to understand how much does each independent variable be able to determine the Dependent Variable.

3.7 Chapter Summary
This chapter looked at the research methodologies used in this research. Justifications on why the methods were used. Interviews and questionnaires were the main methods of data collection used to gather relevant data to achieve the research objectives. In data presentation, qualitative and quantitative methods were used. Data was analyzed based on the quality of responses given by customers. Chapter four shows the results & findings of the research based on the questionnaire. The Final Chapter summarizes the findings of the effect of Brand Extension, Brand Loyalty & Sales on Brand equity. It gives a clear summary of the entire study, discussions on each objective, recommendations on how to enhance every objective and finally a conclusion.
CHAPTER FOUR

4.0 RESULTS & FINDINGS

4.1 Introduction

The following chapter shows the results & findings of the research based on the questionnaire. Section one focused on personal information which included age & gender, section two focused on the different types of brand extensions and what the customer thinks about them, section three was based on how brand extension can effect brand loyalty henceforth affecting brand equity and the final section analysed two things, first being how sales may determine the brand equity of a brand and second being the factors that affect the sales of electronic items. The study was conducted among the youth of USIU, mainly undergraduate students between the ages of 18 and 30 of both genders.

4.2 Demographic Information

4.2.1 Response rate

The sample size of the study was 371 undergraduate students and the study managed to collect data from 365 respondents. This represented a 98% response rate thus implying that the sample collected was adequate for the study therefore gave an added advantage to data analysis. The data was collected both online & offline and can be seen in Figure 4.1

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filled and returned</td>
<td>365</td>
<td>98</td>
</tr>
<tr>
<td>Non-response</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>371</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.2 Gender of Respondents

The study sought to analyze the respondents distribution based on their gender and the finding established that out of all respondents, male respondents accounted for (48.1%) and female respondents were the majority accounting for (51.9%), thus concluding that the study was able to acquire a higher response rate from females than males. This can be attributed to the high female student rate at USIU-Africa.
4.2.3 Age of Respondents
The study being based on the youth at USIU gathered the respondents distribution based on their age groups as displayed in Figure 4.2. The age group of 18 to 24 had a 41.4% response rate while 58.6% of the respondents were of the age group of 25 to 30. This revealed that the majority of the respondents were of the age group of 18 to 30 and are categorized as the youth and therefore formed the best age group for this study.

4.3 Influence of Brand Extensions on Brand Equity
The first objective sought to establish the Influence of Brand Extensions on Brand Equity. Based on scale of 1-5 where 5= strongly agree, 4= agree, 3= neutral, 2= disagree and 1=
strongly disagree, respondents were required to indicate by extent they agreed with each statement.

4.3.1 Does It Create Second Thoughts in Customers Minds When Companies Offer Large Variety of Products to Choose From

Findings for this question showed that 46.6% of respondents agreed with the statement, 21.6% disagreed while 31.8% respondents suggested that the number of products offered by a company does not matter as long as the product has “Value for Money”. The responses can be showcased in the table and diagram as follows:

Table 4.2: Customer Feedback on Product Offering

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>170</td>
<td>46.6</td>
</tr>
<tr>
<td>No</td>
<td>79</td>
<td>21.6</td>
</tr>
<tr>
<td>Does Not Matter</td>
<td>116</td>
<td>31.8</td>
</tr>
<tr>
<td>Total</td>
<td>365</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.3.2 What type of Brand Extension should Electronic Companies should focus on

the study sought to establish the type of brand extension should electronic companies should focus on. Responses showed that electronic companies should focus on Product line Extension (31.3%) while second highest response being towards Product Depth Extension at 28.2%.

Table 4.3: Types of Brand Extensions

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Line Extension</td>
<td>114</td>
<td>31.2</td>
</tr>
<tr>
<td>Product Width Extension</td>
<td>79</td>
<td>21.6</td>
</tr>
<tr>
<td>Product Length Extension</td>
<td>69</td>
<td>18.9</td>
</tr>
<tr>
<td>Product Depth Extension</td>
<td>103</td>
<td>28.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>365</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
4.3.3 Brands with more Products have Higher Quality

Data collected to establish if brands with more products have higher quality revealed that 33.7% staying neutral about the issue while the second highest response of 22.4% saying that they disagree with the statement. The figure showcases the responses.

Table 4.4: Product Quality

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>51</td>
</tr>
<tr>
<td>Disagree</td>
<td>83</td>
</tr>
<tr>
<td>Moderate</td>
<td>125</td>
</tr>
<tr>
<td>Agree</td>
<td>65</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>47</td>
</tr>
<tr>
<td>Total</td>
<td>375</td>
</tr>
</tbody>
</table>

4.3.4 More products under one brand gives a higher competitive advantage to the Brand

Analysis was done to establish if More products under one brand gives a higher competitive advantage to the Brand. Results showed that 6.5% Strongly Disagreed, 13% Disagreed, 23.5% Neutral, 38.4% Agreed and 18.6% Strongly Agreed stating that more products do offer a company competitive advantage in the electronics industry.

Figure 4.3: Competitive Advantage
4.3.5 Brand Extensions help Consumers remember the Parent Brand
The study also sought to establish if brand extensions help consumers remember the parent brand. Responses showed that 40.5% customers agree with the statement making it fully agreeable and valid. The below table and figure show the responses:

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>19.0%</td>
</tr>
<tr>
<td>Agree</td>
<td>40.5%</td>
</tr>
<tr>
<td>Moderate</td>
<td>24.7%</td>
</tr>
<tr>
<td>Disagree</td>
<td>10.6%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

Figure 4.4: Parent Brand

4.3.6 Electronic companies give out a Negative Image when they Launch Unrelated Products such as Clothing
The study also sought to investigate if electronic companies give out a negative image when they launch unrelated products such as clothing. The results suggest that 25.1% Strongly Agree while 25.6% remain Neutral to the Statement. This states that half the population Strongly Agree and Half do not consider it to be a problem.

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>25.1%</td>
</tr>
<tr>
<td>Agree</td>
<td>22.9%</td>
</tr>
<tr>
<td>Moderate</td>
<td>25.6%</td>
</tr>
<tr>
<td>Disagree</td>
<td>19.1%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

Figure 4.5: Negative Image
4.3.7 Too Many Products Create Confusion in a Customer’s Mind when Purchasing.
Analysis was done to establish if too many products create confusion in a customer’s mind when purchasing. The responses showed that 30.5% people Agreed & 20% Strongly Agreed with the statement while only 14.1% Disagreed and 7.6% Strongly Disagreed.

Figure 4.6: Confusion

4.3.8 Electronic Companies should focus on Service improvement rather than New Product Introduction
The study also sought respondents feedback on whether electronic companies should focus on service improvement rather than new product introduction. The response established that 29.7% Strongly Agreed while only 7% of the respondents Strongly Disagreed with the Statement.

Figure 4.7: Service Improvement Vs. New Product Introduction
4.3.9 The Similarity and Dissimilarity of New Products has a Huge Impact On Brand Image

Respondents were also prompted to indicate whether the similarity and dissimilarity of new products has a huge impact on brand image. The question resulted in 33.5% Agreeing to the statement and a mere 7.8% Disagreeing and 6.8% Strongly disagreeing to the statement.

![Figure 4.8: Similarity & Dissimilarity](image)

4.3.10 Launching New Products using Different Brand Names Reduces The Negative impact of Brand Extension

The study was also keen in establishing if launching new products using different brand names reduces the negative impact of brand extension. Findings showed 31.6% respondents remaining Neutral while the second highest response of 28.6% as Agreeing to the statement.

![Figure 4.9: Different Brand Names](image)
4.3.11 Fewer Products Leads To Greater Brand Impact
The research was also aimed at establishing if fewer products leads to greater brand impact. Results showed 29.1% being Neutral although Agreeing (25.1%) and Strongly Agreeing (25.9%) to the statement that electronic companies should also focus on fewer products rather than too many of them.

![Bar Chart](4.3.11.BarChart.png)

Figure 4.10: Brand Impact

4.3.12 The Brand Extension of a Company Affects the Brand Equity in Your Mind
It was also the aim of the research to establish if the brand extension of a company affects the brand equity in consumers mind. Responses showed that respondents Agreed (25.6%) and Strongly Agreed (22.9%) while most remained Neutral in this aspect (33.1%).

![Bar Chart](4.3.12.BarChart.png)

Figure 4.11: Brand Extension & Brand Equity
4.3.2 Correlation between Brand Extension & Brand Equity

A Pearson correlation analysis was done to establish the relationship between brand extension and Brand equity and the result shows that Brand Extension had a weak and negative significant relationship with Brand Equity where r (-0.089) < 0.01. It was summarized below in table 4.5.

**Table 4.5: Correlation Analysis 1**

<table>
<thead>
<tr>
<th></th>
<th>Brand Extension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Equity</td>
<td>Pearson Correlation</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td></td>
<td>N</td>
</tr>
</tbody>
</table>

4.3.3 Regression analysis between Brand Extension & Brand Equity

The regression analysis was conducted to determine the level of relationship between brand extension and brand equity. The results showed that the $R^2$ value was 0.08 hence 8% of the variation in brand equity was explained by the variations in brand extension as illustrated in table 4.6

**Table 4.6: Regression Analysis 1**

<table>
<thead>
<tr>
<th>Model Summary</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1</td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>.089</td>
</tr>
<tr>
<td>R Square</td>
<td>.008</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>.005</td>
</tr>
<tr>
<td>Std. Error of the Estimate</td>
<td>7.477</td>
</tr>
</tbody>
</table>

- a. Predictors: (Constant), Brand Extension

An ANOVA analysis was done between brand extension and brand equity at 95% confidence level. The Analysis of Variance (ANOVA) show that $F (1,361) = 2.854 > 0.000$ and was summarized as follows:
Table 4.7: ANOVA 1

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>159.544</td>
<td>1</td>
<td>159.544</td>
<td>2.854</td>
<td>.092b</td>
</tr>
<tr>
<td>Residual</td>
<td>20179.415</td>
<td>361</td>
<td>55.899</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>20338.959</td>
<td>362</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Brand Equity
b. Predictors: (Constant), Brand Extension

4.4 Influence of Brand Loyalty on Brand Equity

4.4.1 Would you buy a new product if you do not have first-hand knowledge about the parent brand?

The first question in section 2 focused on understanding the importance of a parent brand in the customer’s mind. The results showed that 30.8% do not find the knowledge of the parent brand as important when buying a new product.

Table 4.8: Parent Brand Knowledge

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>68</td>
</tr>
<tr>
<td>Disagree</td>
<td>62</td>
</tr>
<tr>
<td>Moderate</td>
<td>83</td>
</tr>
<tr>
<td>Agree</td>
<td>114</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>43</td>
</tr>
<tr>
<td>Total</td>
<td>375</td>
</tr>
</tbody>
</table>

4.4.2 Customer Service is most important for you when it comes to your preferred brand.

Question 2 focused on the importance of customer service in the electronics industry. The respondents agreed (34.6%) and Strongly Agreed (34.1%) to the statement making it very important in the customer’s mind.
### Table 4.9: Customer Service

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>19</td>
<td>5.1</td>
</tr>
<tr>
<td>Disagree</td>
<td>27</td>
<td>7.3</td>
</tr>
<tr>
<td>Moderate</td>
<td>70</td>
<td>18.9</td>
</tr>
<tr>
<td>Agree</td>
<td>128</td>
<td>34.6</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>126</td>
<td>34.1</td>
</tr>
<tr>
<td>Total</td>
<td>375</td>
<td>100.0</td>
</tr>
</tbody>
</table>

#### 4.4.3 Provision of benefits of using other products of the same parent brand effect your loyalty towards the brand?

As per the results it has a provision of benefits has a high effect on brand loyalty. 33% respondents Agreed to the statement while 26.8% strongly agreed to it.

#### Figure 4.12: Provision of Benefits

#### 4.4.4 The Brand Loyalty of a Company Affects the Brand Equity in Your Mind.

This research also sought to establish if the brand loyalty of a company affects the brand equity in your mind. Results show that there was a clear answer where 43.7% Respondents Agreed with the statement while only 1.6% Strongly Disagreed and 16.8% Disagreed to it. The following table and figure showcase the numbers:
4.4.5 Correlation between Brand Loyalty & Brand Equity

A Pearson correlation analysis was done to establish the relationship between loyalty and brand equity and the finding shows that Brand Loyalty had a weak but positive significant relationship with Brand Equity where \( r (0.002) < 0.01 \). It was summarized below in table 4.13.

<table>
<thead>
<tr>
<th>Loyalty</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Equity</td>
<td>.002</td>
<td>.971</td>
<td>360</td>
</tr>
</tbody>
</table>

4.4.6 Regression analysis between Brand Loyalty & Brand Equity

The regression analysis was conducted to determine the level of relationship between brand loyalty and brand equity. The \( R^2 \) value was 0.00 indicating that there was no significant level of brand equity can be determined by brand loyalty.

<table>
<thead>
<tr>
<th>Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Loyalty
An ANOVA analysis was done between brand extension and brand equity at 95% confidence level. The findings of The Analysis of Variance (ANOVA) show that F (1,368) = 0.001 > 0.000 and was summarized as follows:

Table 4.12: ANOVA 2

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.069</td>
<td>1</td>
<td>.069</td>
<td>.001</td>
<td>.971</td>
</tr>
<tr>
<td>Residual</td>
<td>19391.926</td>
<td>364</td>
<td>52.695</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Total</td>
<td>363</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Brand Equity b. Predictors: (Constant), Loyalty

4.5 Influence of Sales on Brand Equity

4.5.1 Too many products make the company too Profit oriented rather than customer oriented.

The study was aimed at establishing respondents feedback on whether too many products make the company too profit oriented rather than customer oriented. The results indicated that most response accounting for 30.4% agreed while 27.6% Strongly agreeing to the statement. Results also show that 6.8% strongly agreed while 12.5% disagreed. At the same time 22.8% were moderate about the statement.

Table 4.13: Profit Vs. Customer Oriented

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>15</td>
<td>6.8</td>
</tr>
<tr>
<td>Disagree</td>
<td>46</td>
<td>12.5</td>
</tr>
<tr>
<td>Moderate</td>
<td>84</td>
<td>22.8</td>
</tr>
<tr>
<td>Agree</td>
<td>112</td>
<td>30.4</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>102</td>
<td>27.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>365</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.5.2 Introduction of New Products leads to Decline in Sales of Old or Current Products in the Market

The study also sought to establish whether introduction of new products leads to decline in sales of old or current products in the market. Results showed that as per the respondents
32.3% agreed to this stating that the statement is valid, 20.1% strongly agreed while 10.3% disagreed. At the same time 30.1% were moderate about the statement.

**Table 4.14: Old Vs. New Products**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>22</td>
<td>6.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>38</td>
<td>10.3</td>
</tr>
<tr>
<td>Moderate</td>
<td>115</td>
<td>31.3</td>
</tr>
<tr>
<td>Agree</td>
<td>109</td>
<td>32.3</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>74</td>
<td>20.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>365</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**4.5.3 Do you buy new products of a familiar Parent Brand rather than new Brand.**
The study also sought to determine if respondents buy new products of a familiar Parent Brand rather than new Brand. Finding show that 36.6% respondents agreed to the statement while only 8.1% disagreed and 5.7% strongly disagreed.

**Figure 4.14: Parent Brand & Sales**

**4.5.4 The Sales of a Company Affects the Brand Equity in Your Mind**
The study also sought to establish if the sales of a company affects the brand equity in customers mind. The highest answer was that of being neutral (41.9%) to the statement and second highest being that in agreement (26.9%) stating that sales does have an effect on Brand Equity.
Table 4.15: Sales & Brand Equity

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>13</td>
<td>3.5</td>
</tr>
<tr>
<td>Disagree</td>
<td>72</td>
<td>19.2</td>
</tr>
<tr>
<td>Moderate</td>
<td>147</td>
<td>41.9</td>
</tr>
<tr>
<td>Agree</td>
<td>101</td>
<td>26.9</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>26</td>
<td>6.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>365</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.5.5 Factors affecting the sale of Electronic Items

The study was also keen on establishing the factors affecting the sale of electronic items. The various factors can be displayed in the table and figure below stating their importance in the sales process. The findings revealed that consumers give priority on quality (M=4.48), this was followed by Guarantee & Maintenance (M=4.25) ease of use (M=4.15) and brand awareness (M=3.96). The least factor considered included salesman appearance (M=3.06), instore discount (M=3.6) and outlet location (M=3.60).

Table 4.16: Factors Affecting Sales

<table>
<thead>
<tr>
<th></th>
<th>Not at All</th>
<th>Some Extent</th>
<th>Moderate Extent</th>
<th>Important</th>
<th>Most Important</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>4.9</td>
<td>2.4</td>
<td>5.2</td>
<td>15.2</td>
<td>72.3</td>
<td><strong>4.48</strong></td>
</tr>
<tr>
<td>Brand Awareness</td>
<td>2.4</td>
<td>6.3</td>
<td>17.4</td>
<td>40.2</td>
<td>33.7</td>
<td><strong>3.96</strong></td>
</tr>
<tr>
<td>Availability of Designs</td>
<td>3.5</td>
<td>8.7</td>
<td>29.1</td>
<td>32.1</td>
<td>26.6</td>
<td><strong>3.70</strong></td>
</tr>
<tr>
<td>Availability of Sizes</td>
<td>3.5</td>
<td>8.7</td>
<td>26.4</td>
<td>33.8</td>
<td>27.5</td>
<td><strong>3.73</strong></td>
</tr>
<tr>
<td>Ease of Use</td>
<td>3.5</td>
<td>6.3</td>
<td>12</td>
<td>28</td>
<td>50.3</td>
<td><strong>4.15</strong></td>
</tr>
<tr>
<td>Guarantee &amp; Maintenance</td>
<td>3.3</td>
<td>4.4</td>
<td>12.3</td>
<td>24.6</td>
<td>55.5</td>
<td><strong>4.25</strong></td>
</tr>
<tr>
<td>In-Store Discounts</td>
<td>6.5</td>
<td>10.9</td>
<td>28.6</td>
<td>24</td>
<td>30</td>
<td><strong>3.60</strong></td>
</tr>
<tr>
<td>Outlet Location</td>
<td>4.1</td>
<td>13.1</td>
<td>26.7</td>
<td>31.3</td>
<td>24.8</td>
<td><strong>3.60</strong></td>
</tr>
<tr>
<td>Salesman Appearance</td>
<td>13.4</td>
<td>19.1</td>
<td>31.9</td>
<td>19.3</td>
<td>16.3</td>
<td><strong>3.06</strong></td>
</tr>
<tr>
<td>Availability of Demo Model</td>
<td>7.1</td>
<td>10.9</td>
<td>21.7</td>
<td>27.4</td>
<td>32.9</td>
<td><strong>3.68</strong></td>
</tr>
</tbody>
</table>
4.5.6 Correlation between Sales & Brand Equity

The final correlation analysis was conducted to show the relationship between sales & brand equity and the results revealed that Sales had a weak but positive significant relationship with Brand Equity where \( r (0.053) > 0.01 \). It was summarized below in table 4.17.

**Table 4.17: Correlation Analysis 3**

<table>
<thead>
<tr>
<th></th>
<th>Pearsons Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Equity</td>
<td>.053</td>
<td>.311</td>
<td>368</td>
</tr>
</tbody>
</table>

4.5.7 Regression analysis between Sales & Brand Equity

The final Regression analysis was conducted to determine the level of relationship between Sales and brand equity which suggests that no significant level of brand equity can be determined by Sales of a company.

**Table 4.18: Regression Analysis 3**

<table>
<thead>
<tr>
<th>Model Summary</th>
<th></th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.053(^a)</td>
<td>.003</td>
<td>.000</td>
<td>5.553</td>
</tr>
</tbody>
</table>

\(^a\) Predictors: (Constant), Sales

An ANOVA analysis was done between sales and brand equity at 95% confidence level. The Analysis of Variance (ANOVA) show that \( F (1,366) = 1.028 > 0.000 \) and was summarized as follows:

**Table 4.19: ANOVA 3**

<table>
<thead>
<tr>
<th>ANOVA(^a)</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>31.700</td>
<td>1</td>
<td>31.700</td>
<td>1.028</td>
<td>.311(^b)</td>
</tr>
<tr>
<td>Residual</td>
<td>11284.708</td>
<td>366</td>
<td>30.833</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>11316.408</td>
<td>367</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^a\) Dependent Variable: Brand Equity

\(^b\) Predictors: (Constant), Sales
4.6 Chapter Summary

The fourth chapter has presented the findings and results attained from the study. Section 1 of the questionnaire contained demographic information mainly Age & Gender which was showcased using Pie charts. The response rate (365) of the study was considered adequate for the study at 98% response rate. The results suggested that Brand Extension had a weak and negative significant relationship with Brand Equity; while Brand Loyalty and Sales had a weak yet positive significant relationship with Brand Equity. The fifth and final chapter presents Recommendations, Findings, Discussions and conclusion.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction
The Chapter summarizes the findings of the effect of Brand Extension, Brand Loyalty & Sales on Brand equity. It gives a clear summary of the entire study, Discussions on each objective, recommendations on how to enhance every objective and finally a conclusion.

5.2 Summary

The general objective of this research was to establish the effect of brand extension on brand equity in the consumer electronic among the youth of Usiu Africa. The study was guided by three specific objectives which sought to determine how different types of brand extensions influences brand equity, to determine the influence of brand loyalty on brand equity and to determine the influence of sales on brand equity.

The study was conducted using a descriptive survey research method. Data collected was solely primary data consisting of undergraduate students in USIU – Africa. The sample size was determined to be 371 and the response rate was 365 making it a 98% Response rate. The questionnaire was mainly multiple choice and Likert scale questions giving respondents a wide array of answers to choose from. Data was collected within a span of three days, two days of visiting various undergraduate classes in the Chandaria School of business and simultaneously sharing google form links with the targeted age group over WhatsApp. A pretest was conducted with a sample of 15 students within the library based on which feedback was attained about the questionnaire and details of the reliability test was added in chapter 3 summarizing the results. Data analysis was done mainly using descriptive statistics such as frequencies & percentages while inferential statistics was done based on Pearson’s Correlation method. The data was processed & coded using SPSS (Statistical Package for Statistical Sciences), Microsoft Excel and Microsoft Word. The results were displayed using figures and tables.

The first research objective was how different types of Brand Extensions influences Brand Equity of a company. The results showed that Findings for this question showed majority agreed that the number of products offered by a company does not matter as long as the product has “Value for Money”. Responses also showed that electronic companies should
focus on Product line Extension while second highest response being towards product depth extension. Data collected to establish if brands with more products have higher quality revealed that majority were neutral about the issue. Analysis was done to establish if More products under one brand gives a higher competitive advantage to the Brand. Results showed that majority agreed. The study also sought to investigate if electronic companies give out a negative image when they launch unrelated products such as clothing and half the population Strongly Agree and half do not consider it to be a problem. The study also sought respondents feedback on whether electronic companies should focus on service improvement rather than new product introduction. The response established that most of them Strongly Agreed. Respondents were also prompted to indicate whether the similarity and dissimilarity of new products has a huge impact on brand image. A Pearson correlation analysis was done to establish the relationship between brand extension and Brand equity and the result shows that Brand Extension had a weak and negative significant relationship with Brand Equity. The results of the regression also showed that only 8% of the variation in brand equity was explained by the variations in brand extension.

The second objective sought to understand if the brand loyalty has any significant effect on a company’s overall brand equity. Analysis was done focused on understanding the importance of a parent brand in the customer’s mind showed that majority do not find the knowledge of the parent brand as important when buying a new product. Respondents however agreed that there is an importance of customer service in the electronics industry. As per the results it was agreed that provision of benefits has a high effect on brand loyalty. This research also sought to establish if the brand loyalty of a company affects the brand equity and majority of the respondents. A Pearson correlation analysis was done to establish the relationship between loyalty and brand equity and the finding shows that Brand Loyalty had a weak but positive significant relationship with Brand Equity. The regression conducted to determine the level of relationship between brand loyalty and brand equity indicated that there was no significant level of brand equity can be determined by brand loyalty.

The last objective sought to understand if the sales has any significant effect on a company’s overall brand equity. The study was aimed at establishing respondents feedback on whether too many products make the company too profit oriented rather than customer oriented. The results indicated that most response accounting agreed to the statement. The
study also established that introduction of new products leads to decline in sales of old or current products in the market. A majority agreed that respondents buy new products of a familiar parent brand rather than new brand. The finding also revealed that majority were uncertain about sales of a company affecting the brand equity in customers mind. To establish the factors affecting the sale of electronic items findings revealed that consumers give priority on quality, this was followed by Guarantee & Maintenance, ease of use and brand awareness. Correlation analysis done to shows the relationship between sales & brand equity revealed that sales had a weak but positive significant relationship with brand equity.

5.3 Discussion

5.3.1 The Influence of Brand Extensions on Brand Equity

The study focused on understanding the customer’s mindset about the number of products a company offers and how it may create second thoughts in their minds about purchasing the products. 48% respondents agreed to the statement saying “Yes” and 30.9% respondents said that it does not matter to them. This suggests that according to customers too many products offered by a company may create second thoughts in their minds while purchasing an electronic item. One of the main aspects of the study focused on the different types of Brand Extension strategies implemented by companies and what the customers think about the same.

Majority of the respondents comprising of 31.2% of the responses suggest that Product Line Extension is the best type of strategy that should be focused and followed by electronic companies. While the rest were close second highest response was attained by Product Depth Extension which comprises of introducing new products in an existing product line. Lowest response was received by product length extension which involves electronic companies focusing their strategy towards introducing new products regardless of which product line it is form comprising of the overall products under its belt.

The first question on the Likert scale asked respondents on their views about product quality if companies offered more products. When asked if the more products a company offers showcases that they have high quality products, 33.7% respondents stayed neutral to the statement stating that it may not be the case as long as the single product itself is of good quality. In general, younger customers, especially those with in-depth experience searching the Internet, may exhibit less customer loyalty to individual businesses as a result
of the wide variety of online stores. These shoppers do not experience the personal interactions inherent in visiting a physical location. Some older customers who are less interested in spending time visiting e-commerce websites to shop develop a comfort level with the particular businesses they frequently visit. As a direct consequence, these purchasers get to know specific business owners and employees and begin developing much-valued relationships over time, enhancing loyalty to the business (Dewi & Anandya, 2015).

The study tried to analyze if more products give a company competitive advantage over its competitors. The highest response of 38.4% was towards agreeing with the statement concluding that when an electronic company has more products in the market it gives them an added competitive advantage over others. Being electronic items, it is a valid statement as technology requires various options, choices and features to choose from. The differences between male and female shoppers may extend to their shopping habits. Generally, the nature of females includes valuing long-term relationships more than their male counterparts. Women tend to recognize and exhibit loyalty to brands with which they become comfortable. Being more social, women initiate enjoyable interactions more readily with business owners and staff, laying the foundation for business loyalty. If employees consistently reciprocate these friendly overtures, the customer may come to expect the positive acknowledgement. This experience, can lead to customer loyalty when duplicated each time the customer visits the store (Leninkumar, 2017).

There may be a connection between better education and lower customer loyalty, related to the increased need of educated people for information on every facet of life in which they engage. Educated customers may be more aware of new stores or establishments that may offer greater prices or a unique experience, and customer loyalty may be no match for the constant pushing of information from various sources, such as the TV, Radio, Mobile SMS’s and Internet. This might point to the need for businesses to become more competitive in their use of all forms of information absorbed by potential customers (Miller, 2014).

While focusing on brand extension the study focused on its connection to the parent brand and how it may increase visibility and credibility for the company. The response was highest to agreeing with the statement with 40.5% agreements. This was the highest with no other answer even close to the percentage. If we consider an electronic company such
as Samsung, brand extension strategies by them have been a massive success thus when customers view a new product which may not be the same product line, they recognize the parent brand immediately.

5.3.2 The Influence of Brand Loyalty on Brand Equity

According to Kotler & Keller customers are well educated due to the digital age now, when a company follows the traditional organizational chart where the president and profits is at the top and customer is at the bottom, this can lead to a downfall in loyalty when customers find companies to be profit oriented rather than customer oriented. The results of this study revealed that when customers do not have the knowledge of the parent brand they still buy a new product. They had a high rate of Agreeing (30.8%) to the question; Would you buy a new product if you do not have first-hand knowledge about the parent brand? Although this may or may not affect sales but has a strong relation to brand loyalty of a company. While the study focused on understanding brand loyalty as a determinant of brand equity, it also focused on the importance of customer service in the electronics industry.

According to Lane (2006) one of the key drivers of customer loyalty is service quality, it links customer loyalty to customer satisfaction which in turn is linked to service quality. Based on this the respondents showed a strong bent towards Agreeing (34.6%) & Strongly Agreeing (34.1%) to the statement. Provision of benefits involves a lot of aspects such as discounts, cloud services, customer service preference etc. While it may have a low effect on brand sales but has a significant amount of effect on Brand loyalty.

Hwa-Dong (2013) noted that image of parent brand increases, increases market as new customers are targeted and Customers associate parent brand to new products as quality assurance. Some disadvantages of brand extension can be the Launch in new or unreliable markets can lead to loss, Brand extension gone too far can create an unreliable brand image, Failure of new products or markets can affect parent brand image, Difficulty to make consumers aware of new products, can lead to copies and fake products and May fail without a solid competitive advantage over competitors.

Brand extensions are the new products introduced under an existing brand name or a new entrant in a different category from the parent brand. Brand extension involves utilizing and applying the established core brand name to new products to obtain the equity of the original core brand and also to capture new and unexplored market segments. Extended
brand both far and near with core brand are considered beneficial for core brand due to more profitability. Generally, it is assumed that recognized brand requires low cost and expenses of introduction such as advertising cost and sales promotions etc. Nevertheless, the extended brand success is uncertain (Sood & Keller, 2012).

The Equity Theory (Messick & Cook, 1983) holds that people develop and maintain brand loyalty to brands in which rewards are distributed in proportion to costs. When share of rewards is less than what is demanded by equity, people are likely to experience dissatisfaction and exit the loyalty towards the brand. 32.5% respondents Agreed & 26.4% Strongly Agreed to the statement while only 15% Disagreed to the Statement. The final question in this section focused on understanding whether brand loyalty towards a company by customers showcases the brand equity of a company. The response was a clear Agree where 43.7% respondents supported the statement to be true and valid and only 1.6% Strongly Disagreed. Seltene and Brunel (2008) suggests that fast moving consumer goods have more failure rate of extension which is approximately 80%. Elements of brand extension provide insights of that may help to reduce the chances of failure of brand extension. These elements provide way to evaluate the attitude of consumers about extended brand and to know about their choices. Element’s important insights influence the success of brand extension.

5.3.3 The Influence of Sales on Brand Equity

The first question in the final section aimed to understand how sales can be affected when customers think of the company as a profit-oriented company. This is one of the most difficult public images that electronic companies can establish being highly difficult to change. 30.4% respondents agreed to the statement stating that when companies focus on launching too many products rather than customer satisfaction they can be perceived as profit oriented and not customer oriented. One of the most looked out answer by most companies is do new products drift aside the sales of old products existing in the market. Based on the Drivers of Customer Loyalty Theory (Lane, 2006) when customers perceive switching costs to be high along with Perceived quality i.e. the quality of the product that the customer perceives before or after it is launched they tend to be loyal. Based on these respondents showed a high level of Agreement of 32.3% when asked if introduction of new products leads to decline in sales of old or current products in the market. When asked if the familiarity of the parent brand may lead to decline in sales or not 36.6% agreed stating
that customers do not refrain from purchasing a product if they are familiar with the parent brand or not and may buy new products of a new brand.

Aaker (2010) argued brand equity is the result of past marketing investments like sales promotion. Similarly, Keller (1993) pinpointed that consumer’s brand knowledge, perception, attitude, intentions and behaviors towards a certain brand is the result of marketing investments by defining brand equity as “the differential effect of brand knowledge on consumer response to the marketing of the brand” (Keller, 1993). Among the different types of marketing investments, sales promotion is the most commonly used brand communication strategy used to build brand equity. Providing temporary incentives (sales promotion) to encourage customers to try and use a promoted brand is a common practice in many of the companies to convince customers to try or use a promoted brand.

The most important question sought to understand whether the sales of an electronic company has any effect on its brand equity. This question is highly important as a multinational company may have an exponential amount of sales globally but not a strong brand equity and vice versa. Although the highest response was of being Neutral (41.9%) to the statement, the next highest response was that in Agreement (26.9%) stating that sales does not have any effect on the Brand Equity of a Company. Sales is a somewhat an important aspect when it comes to determining a company’s brand equity. Thus, this study also sought out to understand the various factors that affect the sales of electronic items. According to (Kotler & Keller, n.d.).

Keller (2003) defined sales promotion as “short-term incentives to encourage trial or use of a product or service”. The incentives can be monetary or non-monetary. Obtaining short-term financial incentives is known as monetary promotion and add a value of “excitement” and bring “some computable economic saving” is known as non-monetary promotion. Though sales promotion is a key brand communication tool used in marketing promotion programs that influence brand equity scholars not yet agreed on the effectiveness of sales promotion on the creation of brand equity.

Juneja (2018) revealed that customer-perceived value (CPV) is the difference between the prospective customer’s evaluation of all the benefits and all the costs of an offering and the perceived alternatives. When asked to rate the importance or unimportance of certain
factors that may affect the sales of an electronic item, quality was rated 72.3% of highest importance while salesman appearance had the lowest importance of 16.3%. Consumer who purchases a discounted product often attributes it is discounting because the product is a poorer quality product; lower the distinctiveness for the firm’s products may create price sensitive customers and consumers may infer “low product quality because they lead consumers to think primarily about price deals” instead of the utility provided by the brand and influence on consumers reference price can lead to unfavorable quality evaluations. All these have the potential to affect brand equity building process negatively.

5.4 Conclusion

5.4.1 The Influence of Brand Extensions on Brand Equity
The study concluded that brand extension and brand equity have a weak role in brand equity of a company and can be determined by brand extension by only 5%. Although when asked to the respondents the results were contrary and the respondents do agree that brand extension or product mix of a company does play a role in determining its brand equity. The response towards this stated that when customers have too many products to choose from they do have second thoughts in their minds about purchasing the product. Also, product line extension was the most preferred choice of strategy that customers prefer electronic companies to follow. Talking about quality, less products may be perceived as a sign of higher quality although many products in the market can give an added competitive advantage to electronic companies. Being the parent brand is not as easy image to sustain thus, brand extension strategies help customers remember them longer while launching new products under new brand names help reduce the negative image of launching too many products. Focusing on electronic companies when it comes to launching new products, unrelated products lead to negative branding for the companies, similarities and dissimilarities in old and new products can be the selling point of the products and can lead to confusion. Customer service came out to be the most important aspect in an electronic company and its brand extension strategies do have a slight impact on its brand equity.

5.4.2 The Influence of Brand Loyalty on Brand Equity
The study found that when customers do not have first-hand knowledge about the parent brand it does not stop them from buying new products of new brands in the electronics industry, the product loyalty depends solely on its features and pricing. As per the respondents to keep a customer loyal, electronic companies must keep a tight improvement
strategy on customer service. The study also opened up an aspect for electronic items that provision of benefits within the same parent brand can be highly advantageous for the company in retaining customers and improving brand loyalty.

5.4.3 The Influence of Sales on Brand Equity
It was revealed in the study that sales had significantly low effects on brand equity although certain aspects of sales do have a severe effect. When a company offers too many products the company can be perceived as profit oriented and new product launches can lead to decline in sales of existing products in the market. The various factors affecting sales of electronic items were also revealed based on their importance where quality came out at highest importance and salesman appearance came out at lowest.

5.5 Recommendations
5.5.1 Recommendations for Improvement
5.5.1.1 The Influence of Brand Extensions on Brand Equity
Based on the study there are various recommendations that can be made, firstly too many products in the same product line must not be launched as it leads to confusion, perceived quality as low etc. for example too many models of mobile phones. The companies should focus on launching different product lines for example phones, laptops, televisions etc. under different brand names to reduce the negative effects of launching too many products. The features of every new product must have a distinct difference from its previous version or model and while launching unrelated products may not be harmful to sales it may have a drastic effect on brand equity. Finally, customer service must be of highest priority when it comes to electronic companies as it leads to customer satisfaction.

5.5.1.2 The Influence of Brand Loyalty on Brand Equity
The study also suggested that customers must be made aware of the parent brand at all times, this leads to higher customer loyalty as new products may not have the desired perceived quality but the parent brand would. The features, pricing and customer service are what drives the highest customer loyalty rate and must be at high priority while strategies are made. Another recommendation is to come up with promotions and marketing strategies that allow customers to attain benefits when buying different products from the
same parent brand. This is an example of what Apple has mastered and it leads to high customer retention and loyalty.

5.5.1.3 The Influence of Sales on Brand Equity
Finally, the study recommended that electronic companies must make sure they do not create an image of being highly profit oriented, this is a tough image to break. When customers find too many products in the market it may lead to this image. When new products are launched, sales of old products may decline, thus, electronic companies must prepare immediate and effective strategies to deal with convincing customers on its switching cost and perceived quality of new products to be positive. The study also revealed factors that lead to closing the sales process and which factor is most important, quality must be kept at highest importance followed by Guarantee & maintenance, ease of use of product, brand awareness, in-store discounts and promotions, availability of sizes, availability of designs, outlet location and finally salesman appearance.

5.5.2 Recommendation for Further Research
The study recommends that further research can be conducted on the relationship of brand image and age, brand image and gender, the relationship of customer behavior and brand extension. The final recommendation is that of studying the relationship of products and how products regardless of the type of product leads to negative or positive brand image.
REFERENCES


Miller, R. E. (2014). Graduate Students May Need Information Literacy Instruction as Much as Undergraduates. *Evidence Based Library and Information Practice*, 9(3), 104.


APPENDIX I: COVER LETTER

July, 2019
Eshan Yagnik
Student Id: 656395

Dear Sir / Madam,

**Ref: Participation in Research Study**

My name is Eshan Yagnik, a student at United States International University (USIU) - Africa, pursuing Master’s in Business Administration (MBA). As partial requirement for the fulfillment to acquire the MBA degree, I am required to conduct a research project. My project is titled: “To study the effect of brand extension on brand equity in the consumer electronics industry among the youth of USIU”.

Being a purchaser or trendsetter of consumer electronics such as Mobile Phones, laptops, Television sets etc., you have been randomly selected to take part in the study. Kindly take few minutes to answer the following questions to the best of your knowledge. Any information you provide is confidential, and your name will not be used in any way of form.

Thank you for your Time and Participation.

Yours Sincerely
Eshan Yagnik
APPENDIX II: QUESTIONNAIRE

Section 1: General Information

1. Gender:
   - Male
   - Female

2. Age Group:
   - 18 - 24
   - 25 - 30

Section 2: Influence of Brand Extensions on Brand Equity

3. Does It Create Second Thoughts in Your Mind When Companies Offer Large Variety of Products to Choose From?
   - Yes
   - No
   - Does Not Matter as long as the product Has “Value for Money”

4. What type of Brand Extension do you think Electronic Companies should focus on? Select any One (Refer to Image).
   - Product Line Extension
   - Product Width Extension
   - Product Length Extension
   - Product Depth Extension
5. To what Extent do you Agree/Disagree with the following Regarding the Brand Extension Strategies of a Company?

Use 1 - Strongly Disagree, 2 - Disagree, 3 - Moderate, 4 - Agree and 5 - Strongly Agree.

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<th>2</th>
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<tbody>
<tr>
<td>Brands with more products have higher quality</td>
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<td>More products under one brand gives a higher competitive advantage to the Brand</td>
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<td>Brand extensions help consumers remember the parent brand</td>
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<td>Electronic companies give out a negative image when they launch unrelated products such as clothing</td>
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<td>Too many products create confusion in a customer’s mind when purchasing</td>
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<td>Electronic Companies should focus on Service improvement rather than New Product Introduction</td>
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<td>The Similarity and Dissimilarity of new products has a huge impact on Brand Image</td>
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<td>Launching new products using different brand names reduces the negative impact of Brand Extension</td>
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<td>Fewer products leads to greater brand impact</td>
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6. To what Extent do you Agree/Disagree with the following;  
Use 1 - Strongly Disagree, 2 - Disagree, 3 - Moderate, 4 - Agree and 5 - Strongly Agree.

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<thead>
<tr>
<th>The Brand Extension of a Company Affects the Brand Equity in Your Mind</th>
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Section 3: Effect of New Product Introduction on Loyalty

7. To what Extent do you Agree/Disagree with the following;  
Use 1 - Strongly Disagree, 2 - Disagree, 3 - Moderate, 4 - Agree and 5 - Strongly Agree.

<table>
<thead>
<tr>
<th>Would you buy a new product if you do not have first-hand knowledge about the parent brand?</th>
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<thead>
<tr>
<th>Customer Service is most important for you when it comes to your preferred brand?</th>
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<table>
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<tr>
<th>Provision of benefits of using other products of the same parent brand effect your loyalty towards the brand?</th>
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<th>2</th>
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8. To what Extent do you Agree/Disagree with the following;  
Use 1 - Strongly Disagree, 2 - Disagree, 3 - Moderate, 4 - Agree and 5 - Strongly Agree.

<table>
<thead>
<tr>
<th>The Brand Loyalty of a Company Affects the Brand Equity in Your Mind</th>
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Section 4: Effect of New Product Introduction on Sales

9. To what Extent do you Agree/Disagree with the following;

Use 1 - Strongly Disagree, 2 - Disagree, 3 - Moderate, 4 - Agree and 5 - Strongly Agree.

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<tr>
<td>Too many products make the company too Profit oriented rather than customer oriented</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
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<tr>
<td>Introduction of new products leads to decline in sales of old or current products in the market</td>
<td>O</td>
<td>O</td>
<td>O</td>
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<td>O</td>
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<tr>
<td>Do you buy new products of a familiar Parent Brand rather than new Brand</td>
<td>O</td>
<td>O</td>
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<td>O</td>
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10. To what Extent do you Agree/Disagree with the following;

Use 1 - Strongly Disagree, 2 - Disagree, 3 - Moderate, 4 - Agree and 5 - Strongly Agree.

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</thead>
<tbody>
<tr>
<td>The Sales of a Company Affects the Brand Equity in Your Mind</td>
<td>O</td>
<td>O</td>
<td>O</td>
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<td>O</td>
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</table>
11. Evaluate the Following According to its Importance that Effects the Sale of an Electronic Product.

Use 1 - Not at All, 2 - Some Extent, 3 - Moderate Extent, 4 - Important and 5 - Most Important.

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<tr>
<td>Quality</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Brand Awareness</td>
<td>0</td>
<td>0</td>
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<td>0</td>
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<td>Availability of Designs</td>
<td>0</td>
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<td>Availability of Sizes</td>
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<td>Ease of Use</td>
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<td>Guarantee and Maintenance</td>
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<td>In-Store Promotions &amp; Discounts</td>
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<td>Outlet Location</td>
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<td>Salesman Appearance</td>
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Thank You for Your Participation!
APPENDIX III: NACOSTI PERMIT

Ref No: 615100
Date of Issue: 14/August/2019

RESEARCH LICENSE

This is to Certify that Mr. Eshan Yagnik of United States International University Africa, has been licensed to conduct research in Nairobi on the topic: To study the effect of brand extension on brand equity in the consumer electronics industry among the youth of USIU for the period ending: 14/August/2020.

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