

CONSUMER EVALUATION OF BRAND EXTENSION

A dissertation submitted to the
Faculty of Animal Science and Export Agriculture
Uva Wellassa University
In partial fulfillment of the requirements for the award of the
Degree of Bachelor of Science in Export Agriculture

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2012

ABSTRACT

Brand extension is one of the attractive growth strategies and it is low cost, low risk way to penetrate different target segments by utilizing establishes brands. Brand extension is widely used because of the fact that strongly positioned brand could build and communicate brand value successfully. However, in Sri Lankan context, there is no empirical evidence to understand consumer evaluation of brand extension. This research was aimed at evaluating how consumers behave along with parent brand characteristics such as experience, conviction, reputation, similarity fit and consumer innovativeness. CIC brand name was used as a case study and selected three brand extensions. Two product selected were close extensions and other one was distant extension. The study was based on primary data. Primary data were collected through a survey conducted in Kandy district. The sample size was 200 households. Data were collected using a self administrated questionnaire with multi item scale to measure the constructs. Data were analyzed by descriptive analysis and Chi-square analysis. The study revealed that parent brand characteristics, similarity fit and consumer innovativeness were significantly impact for close extension. Similarity fit was significantly impacted in consumer evaluation of distant brand extension. The study also revealed that consumer innovativeness were significantly associated with both close and distance extensions. According to the above findings, it can be conducted that the brand extension strategies can be successfully adopted on consumers are sensitive on brand extension.

Key words- Brand extension, conviction, perceived quality, similarity fit, innovativeness, CIC