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Brand Extension in Pakistan

Insights from Brand Manager Perspective

Master Thesis within Business Administration

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Abstract

There have been few studies on brand extensions in a Pakistan context. In this thesis, we study brand extensions in Pakistan from viewpoint of Brand Managers as their analysis coupled with their personal preferences can provide interesting insights for forming a successful brand extension strategy. Since T. Gamble first published an article about brand extensions (1967) there has been a growing interest for the topic. With the passage of time the inbuilt benefits of brand extensions in terms of cost and higher success rates were captured by companies in developing countries like Pakistan. In this thesis, we make theoretical arguments for, and show empirically that growth may not be the ultimate objective for companies in Pakistan. Instead, companies are compelled to follow the bandwagon so as to match competitors. It has been indicated that small firms might be in a better position to take advantage of below-the-line promotions in comparison to larger firms. Cannibalization of sales due to brand extensions was described to be non-existent in Pakistan until a company embarks on e-commerce initiative. Successful brand extensions, as defined by the brand managers are measured in terms of independent sales and market share captured by a brand stretch. Based on how the brand managers in this study perceived brand extensions, it could be a feasible marketing strategy in Pakistan.

Purpose

The purpose of this thesis is to explore the use of brand extension strategies in the Pakistan context. We will try to achieve this purpose by answering the following questions.

- 1) Why do companies in general and specially in Pakistan use brand extension?
- 2) Do the general pros and cons of brand extension hold the same applicability in Pakistan?
- 3) How brand managers in Pakistan describe a successful brand extension?

Method

A qualitative method was incorporated in order to achieve our exploratory purpose of the study. In total, we performed five interviews. Three extensive telephone interviews were carried out with brand managers representing three seasoned companies from the domain of healthcare (Z-Jans), retailing (Chen One) and dairy foods industries (Haleeb) for finding out brand managers viewpoint on brand extensions in Pakistan. These interviews were conducted via telephone and recorded for our thesis purposes. In

addition, one of the authors visited Pakistan and conducted two face-to-face interviews with Lakson Group of Industries (*media, fast food and consumer goods*) and Servis Group which is operating in (*Shoes, Pharmacies, Tires & Tube*) businesses.

Conclusion

It is suggested that the concept of brand manager is in the rudimentary stages of development in Pakistan. One reason for this is that domestic companies are carrying out brand extensions under the heading of marketing managers compared with Multinationals (MNEs) whose brand extensions strategies are mostly prepared at their headquarters. It has also been indicated that small companies could benefit the most from brand extension in terms of attaining greater consumer trials, increased market share, and growth by competing in international markets as they can easily use a mixture of Below-the-line and Above-the-line promotions for their extensions. A good distribution channel coupled with a strong brand portfolio can facilitate success for brand extension as the companies can then negotiate with dealers and retailers from a position of strength. Due to the huge population in Pakistan companies might neglect the fact that their brand extensions can fail. Since, the population is very large it might be hard for small and medium sized companies to cover the whole country and to find out in reality if their brand extension was a success on a country wide basis. It has also been concluded that majority of the consumers are photo-literate with no or very little formal education therefore they find difficult to assess brand extensions and to make educated brand buying decision in light of quality standards. The market as a whole is price sensitive (low prices) so brand extensions with good price and value for customer are more likely to perform well over Pakistan market.

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1 Introduction

In this chapter we introduce the purpose of our study. We begin with the background of the study which is connected to the problem discussion that tries to build a foundation for the subsequent purpose of the study and research questions.

1.1 Background

In retrospection we know that during the decade of 1950s branding became integral part of marketing strategy (Blois, 2000). However, it was not until the 1990s that companies started realizing the goodwill value of their brands (Nijssen, 1999). In the year 1967 the first article on brand extensions was published by T. Gamble gave indication of how brand extensions will transform the way marketing is to be carried out in future. Today this is true in a way if we look at the ever increasing number of brand extensions and their impact on consumer lifestyles.

A brand extension can be defined as, *"A name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition"* (American Marketing Association 2007, p2).

According to Kotler (1991), successful brands are regarded as the most valuable intangible asset of a firm as they represent the space occupied by a firm's products or services in consumer mind and retail shelf space. The strength of brand name offers a company opportunity to enter new product categories through brand extensions (Chernatony, 2005). However, companies can also select from a range of alternative strategies like multi-branding, line extensions, and new product launching (Kotler et al, 2007). Similarly, research states that customer based brand equity occurs when the consumer is familiar with the brand and holds some favourable, strong and unique brand associations in memory (Keller, 1993). According to Kotler & Armstrong (1996), higher brand equity means greater brand awareness, perceived quality, loyalty, and brand associations.

With these developments in hindsight we started discussing brand extensions in our group circle. Luckily, we came across a Pakistani friend who introduced us to two Pakistanis now working in Sweden who have remained part of teams involved in brand extensions. After informal kind of interviews with them we realize the potential of brand extension in Pakistan. Their discussion indicates that brand extension is no more a phenomenon associated with multinationals. Instead local companies in developing countries like Pakistan are also catching up in brand extension activity. To sum up the discussion with these interviewees we realize that brand extensions research is mostly done from consumer perspective. And there is no or very little research on how brand managers look at brand extensions.

1.2 Problem Statement

As evident from the above discussion brand extensions has become an area of great interest for students, academicians and brand managers. Brand managers use existing brand names of firm's products to increase the likelihood of their products to be accepted by consumers and retailers as well as keep promotional costs down (Smith, and Park, 1992). Similarly, Ambler & Styles (1997) are also of the opinion that brand extensions are is more cost efficient and less risky when compared to launching a new brand. We believe that in developing countries like Pakistan it is even more convenient for multinationals to try brand extensions. The reason is that most of the

multinational companies come from developed countries like America, United Kingdom and Japan. Products from these countries enjoy positive country of origin effect in mind of consumers due to their previous track record in terms of customer satisfaction. This as a result lowers the amount of money spend over awareness creation and since they already enjoy good market and media presence, therefore more affordable for them to launch brand extensions in Pakistan.

For instance, Pakistan Tobacco Company Limited (PTC) which is a part of British American Tobacco who sells their brands to millions of consumers in 180 countries worldwide. They were the foremost brands entering Pakistan as early as 1947. Ever since then they have launched new reputed brand extensions such as Benson & Hedges, Embassy, Gold Flake, Gold Leaf and recently Capstan brand of cigarettes (Business recorder.com).

Nijssen (1999) proclaims that creating customer awareness about the introduction of the new brand extension is very crucial or else it is likely that customer consider it as the same old form of product thus diluting brand equity (ibid). In case the new product is identical or closely related to the parent brand then customers may start purchasing the new product at expense of the parent brand thus leading to cannibalizations of the parent brand sales (Grime et al, 2002). However, it is well established by now that brand extensions enjoy greater survival rate (ibid).

Often, brand extensions compel customers to change behaviour. Companies are well aware that these changes in behaviour incur costs for consumers. Consumer is faced with transaction costs such as fee for activation when switching mobile service providers. They also confront learning costs and obsolescence costs. For example, when customers switch from Video Cassette Recorders (VCRs) to Digital Video Discs (DVDs) their video tape collection become obsolete. Sometimes the obsolescence is planned in industries like fashion (John T. Gourville, 2006).

Previous researchers on brand extensions have focused mainly over consumer evaluation of brand extensions. However as a matter of fact consumers generally cannot assess brand extensions in undifferentiated manner (Aaker and Keller, 1990, Keller and Aaker, 1992; Dacin and Smith, 1994; Smith and Andres, 1995). In spite of the extensive body of knowledge on consumer evaluations of brand extensions, very little or negligible attention has been paid as to what is brand or marketing managers view point over brand extensions strategy (Nijssen and Agustin, 1999). The lack of brand managers view point input in the literature is odd as their analysis of consumer and competitors reactions coupled with their personal preferences are a fairly good indicator of success of a brand extension strategy (ibid). But the question is not whether brand needs to be extended or not! Instead, it is a matter of when, where and how a brand should be extended (Keller, 1998). Over the past couple of decades we have witnessed a great number of companies both domestic and multinationals engaging in brand extensions in Pakistan. For example a few of the well known domestic brand extensions deals in retailing and fashion (Chen One Pvt Ltd), health care products (Z-Jans Pvt Ltd), Medicam tooth paste and Sweetener (Medicam Pvt Ltd Pakistan), Rafhan pooding mix and Custard (Rafhan Best Food Ltd), National Pickel, Salt and Spices (National foods Ltd), Haleeb Milk Pack, Yogurt and Cream (Haleeb Foods Ltd Pakistan). As far as multinationals are concerned Nestle and Uniliver Pakistan have carried out most of the brand extensions. For example, Nestle (Mineral Water, Milk Pack, Cream & Yogurt), Uniliver has brand extensions (Lifebuoy Shampoo & Soap, Express Surf, Colgate toothpaste, Walls Ice-cream). In this relation a study of brand extensions from brand manager's perspective is important to find out successful practices which are

prerequisites for a brand extension in Pakistan. This would be helpful for small companies and enthusiastic young managers in streamlining their strategies when doing brand extensions in Pakistan.

When extension is carried out it is important to know its progress over a period of time so as to reveal the critical success variables which should lead us to arrive on a conceptual definition of a successful brand extension. This idea is in line with the model presented by Grime et al (2002) where he introduces the concept of *fit* in terms of consumer perceptions, extension and core brand evaluations as well as moderating variables. This model can serve a kind of frame of reference for brand managers in highlighting the effects perceptions of fit have on a brand extension evaluations (positive or negative) and the parent brand evaluations (enhancement or dilution).

1.3 Purpose

The purpose of this thesis is to explore the use of brand extension strategies in the Pakistan context. We will try to achieve this purpose by answering the following research questions.

- (RQ1) Why do companies in general and specially in Pakistan use brand extension?
- (RQ2) Do the general pros and cons of brand extension hold the same applicability in Pakistan?
- (RQ3) How brand managers in Pakistan describe a successful brand extension?

2 Frame of Reference

In this chapter we have come up with introduction of brand, brand equity, brand manager strategy and rationale for brand extensions as well as pros and cons of brand extensions. These theories are to be used when analyzing empirical data for our study, and as a support when drawing conclusions.

2.1 What is a brand?

The word “brand” has its origin from a Scandinavian term "*branna*" which means to burn, in the English language. Therefore it infers when a manufacturer puts some kind of mark or symbol to its product; it serves the purpose of product identification and differentiation from competitors, so qualifying the prerequisites of a brand (Nilson 1998). Actually, it was mainly through burning that ancient men stamped ownership on their cattle, and then the customers used it for differentiating the cattle of one seller from others. As a result sellers with better quality of livestock would find many customers readily as compared with sellers of lesser reputation (ibid).

So brand was used as a signal of quality, and this role is same even today. The old Egyptians also used branding as a means of deterring theft as animals could then be readily identified if they were stolen (Saif & Awais 2007). It is also well known that in Egypt brick makers also use to put symbols and stamps on their bricks for identification and differentiation their products from competitors (Farghuhar 1990). Brand has several advantages, amongst which ease of market penetration and acceptance by dealers are very important as they reduce search costs for both retailers and consumers (Keller, 1999).

2.2 The Concept of Brand Extensions

First, we would like to introduce the concept of brand extension by defining it. According to Aaker (1991), "*Brand extension is using an established name of one product category for entering another product category.*" While according to Kotler (1991), "*Brand extension is the strategy of using a successful brand name for introducing a new product.*" Another popular definition is, "*Utilizing a popular brand name to launch new products or services into a product class that is new for the company is called franchising strategy*" (Hartman & Price & Duncan 1990).

According to Kotler & Armstrong (2007) firms can follow many strategies for brand extensions such as new product launching, multi-branding and or launching a totally new brand. The concept of multi- branding infers launching extra brands under the same product in which the firm is already competing. The main advantage lies in this strategy as the firm can target a larger customer base through its additional value added services and features (Kotler & Armstrong, 2007). P&G is a prime example of this strategy as it has many shampoo brands appealing to various customers segment of the population. Whereas, a new brand is launched when a popular brand (Cash Cow) becomes a dog in the growth share matrix also called BCG matrix (Kotler Philip, 2006).

When companies introduce similar and related brands in the existing product class with greater differences in terms of quality and prices then the strategy is known as vertical integration (Pita

& Katsaniam, 1995). There are two terms involved up-scaling and down-scaling. Up-scaling means introducing a premium quality product with premium pricing, whereas, relatively lower price and quality are called down scaling (Kim, C.1996).

It is important to clarify that the concepts of brand extensions and line extensions are not synonymous. According to Ambler & Styles (1997), when a firm introduces an existing brand name in the same product category with the same brand name by adding some ingredients, flavour, and colour or package size that extension is known as a line extension. Whereas, on the other hand, using a slightly change product in a new product class by using a successful brand name is known as brand extension (Kotler& Armstrong, 1996). The concept of “fit” is highlighted by Ambler & Styles (1997).

2.3 Rationales for Brand Extensions

Recent research shows that new products fail at a dramatic rate of somewhere among 40 to 90 percent, based on the product category and the probability of failure has not changed much in last three decades (John T. Gourville, 2006). In United States the packaged goods industry almost 30,000 new products are introduced every year. But only a few of them stay on the shelf for more than 12 months time. Their failure rate is somewhere about 70 to 90 percent (ibid). In today’s branded world brand extensions due to their in- built efficiencies and advantages for firms have become important tool for brand managers. Since brand extensions are key drives of growth, expansion and marketability for firms as a result it has become an integral part of a brand life cycle (Kapferer, 2001).

2.3.1 Growth and Expansion

Growth and expansion are the foremost driver of brand extension. According to Sharp (1993) brand extension is a means of attaining growth in a cost efficient way as it can appeal to a larger market share quickly and deeply when compared with a new brand. Similarly an established brand name can also attract new consumers by creating a new segment of consumers and thus enhancing market coverage (Kim and Lavack, 1996). As a result there is a higher potential for increased sales which means more profits (Buday, 1989).

2.3.2 Industry Trends

After performing marketing research companies get to know the recent consumer or industry trends. To stay abreast of these trends or needs new brand extensions can be launched (Ambler and Styles, 1997). For retaining customers it is important to understand their wants, needs, demand and desires and try to satisfy them by offering new product as brand extension (Weilbacher, 1995).

2.3.3 Economic Benefits

Brand extensions are also attractive in terms of economic benefits associated for companies. The reason is that company need not carry out any name research nor any excessive promotional campaigns for creating costly awareness which translates into huge sums of investment (Aaker, 1992).

2.3.4 Economies of Scale Concept

Brand extensions help achieve greater net profit due to economies of scale concept. The reason being, brand extensions usage of one name decreases the promotional investment per unit sales. Target audience is more familiar with the already existing name so more responsive to promotional messages and campaigns (Sjodin, 2007).

It must be kept in mind that increased profitability and reduced costs are not synonyms in the context of brand extension. Simply some market segments are more profitable than the rest of markets, because of lower cost of production, outbound distribution and lower level of price competition. Firms with greater brand equity can capitalize on its goodwill and therefore charge a high price in relative to high quality (premium pricing) for its brand extensions (Buday, 1989).

2.3.5 Consumer Trial

Companies can induce trial for its new products conveniently and in a very affordable manner. It is well established that familiar brands enjoy higher trial levels than new brand extensions as the parent brand acts a signal of reassurance for the products (Ambler and Styles, 1997). In addition, increased awareness is created with the promotional campaigns of parent and brand extension goes in tandem with each other leading to synergy (Pitta and Prevel Katsansis, 1995). Most of the time companies with favourable brand associations in terms of quality have a greater chance to transfer them to the new brand extension (Amber and styles, 1997).

2.3.6 Environmental Change

One other reason for brand extension is that it offers company ability to cope up with the ever changing environment. Changes occur both internally and externally. So, sometimes companies try to re-launch old brands to keep pace with changing consumer preferences. In this way the company is able to regain its market positioning and is able to attract a larger market segment (Kapferer, 2001).

2.3.7 Lead from Competitors

According to Randall (1997) a brand extension can help a company steal a lead from its counterparts by targeting a specific market niche by matching its products with the customers. Furthermore, brand extensions in more product categories may help the company to secure greater retail shelf space which otherwise would be occupied by competitors (ibid).

2.3.8 Transfer of Expertise and Knowledge

Moreover, transfer of technological expertise and knowledge created through research and development (R&D) of a company can be transferred to brand extensions. As a result products can better serve its target market (Amble and Styles). The level of transferability is something judged by the consumer. If the consumer thinks of the new product as easy transfer of expertise then the advantage of strong brand is low. On the other hand, if consumers perceive the transfer of expertise as tough or difficult, a strong parent brand can transfer its influence more on customers to accept the product (Randall, 2000).

To sum up the above discussion in few simple words we tried to come up with a schematic description over here. First the concept of brand is discussed from historic perspective, and then brand extension and related strategies such as line extensions, multi branding and launching a new product is elaborated with definitions. Second, to form a foundation for our RQ1 we have come up with reasons which drive companies in general to follow a brand extension strategy as part of their marketing campaigns. In this section we try to highlight the basic motivations for pursuing a brand extension strategy. These motivations consist of but not limited to growth and expansion, meeting consumer or industry trends, availing economic benefits economies of scales, inducing consumer trials, increasing awareness, adopting to changing market conditions, capitalizing on existing knowledge and expertise and stealing a lead from competitors to achieve a competitive advantage in the domain of competition.

After gaining a thorough understanding of rationales for launching a brand extension which corresponds with our first research question (RQ1) of the purpose. Now we are trying to establish a foundation for achieving our research question two of the purpose by elaborating what are the advantages (pros) and disadvantages (cons) of brand extensions.

2.4 Pros and Cons of a Brand Extension Strategy

Due to the several resources required to creating a new brand it has indeed become a risky strategy for many companies. On the other hand, brand extension has become popular growth strategy because of reduced costs and risks associated (David Taylor, 2004). Due to Research and Development (R&D) costs and being aware of the high facts of failure rates for new product launching, brand decision makers are more inclined to capitalize on their existing brand names for launching new products in various categories. This idea is line with suggestions of David Taylor (2004) in terms of reduced costs and risks mentioned above (Leslie de Chaternatony & Malcolm McDonald, 1998). It is important to keep in mind that no matter how well a brand extension strategy is devised it cannot help a poor product to succeed over the market. Therefore it is important that brand managers should understand the product values to avoid diluting the parent brand with inappropriate brand extensions. A prime example of this occurred when Coca Cola launched its New Coke which was boycotted by a large population in the US as people had developed a *nostalgic fondness* with the brand. This might be what Coca Cola neglected and therefore later had to abandon New Coke and again started producing regular Coca Cola (brandchannel.com).

2.4.1 Pros of Brand Extension Strategy

First, we discuss some advantages of pursuing a brand extension strategy.

2.4.1.1 Consumer Knowledge

Consumer is knowledgeable about the parent brand reputation and image. In some cases the customer holds favourable brand association with the seasoned parent brand. So in such a situation all the favourable prerequisites for a brand extension are met and the ground for new extension is ripe and ready for brand extension. The only task left is to communicate precisely the benefits of the new brand extension (Taylor, 2004).

2.4.1.2 Trustworthiness

Customers are more trustworthy towards brands they are familiar with and as a result would be tempted to try brand extensions originating from them. As there is a kind of implicit pact of quality with the well proven brands. Therefore, they are willing to try the new brand extensions in some other market segment (Taylor, 2004). Further, a survey was conducted by Brand gym in the year (2003), which states that almost (58 per cent) of customers in United Kingdom (UK) were more inclined to give a trial to a new brand extension stemming from a seasoned parent brand which was familiar to them (Taylor, 2004).

2.4.1.3 Consumer Trial in Terms of Cost and Visibility

In comparison with launching a new brand, a brand extension strategy is cost effective due to the fact the brand extension capitalizes on already established parent brands goodwill. Recent research reveals that consumer trial in terms of cost for each unit of product is (36 per cent) lesser and that repurchase chances are also greater (Taylor, 2004). A brand extension enhances the visibility of the brand as and when brand appears in other product categories and serve as brand building mechanism. This approach is better than spending huge sums of money on promotional mix variables (Aaker, 2004)

2.4.1.4 Revitalization

After generating successful growth and revenues for the company a brand becomes weaker with the passage of time. Therefore it needs to be revitalized by some way, and brand extension is the best way to refresh an aging brand (Aaker, 2004). The brand extension serves as a source of energy to the brand as it increases the exposure of consumers to greater promotional messages (ibid). A brand extension can also serve as a defensive strategy to prevent competitors from entering a specific market segment. This strategy is sometimes appropriate when the extension might struggle initially. (Aaker, 2004).

2.4.2 Cons of Brand Extension Strategy

2.4.2.1 Dilution of Parent Brand

Besides pros there are certain cons of brand extension strategy. According to Loken, Deborah Reodder, (1993) there are situations in which brand extensions are more or less likely to dilute brand beliefs associated with the family brand name. Dilution effects would occur when brand extension attributes are inconsistent with the family brand beliefs. Sometimes a brand extension can tarnish the image of parent brands especially in the case where current customers are not satisfied with the brand extension then they engage in negative word of mouth (WOM) which indeed has very bad consequences for brands (Henrik Sjodin, 2007).

2.4.2.2 Reciprocity Effect

Similar arguments are put forth by Park, McCarthy & Milberg, (1993) who say that favourable and unfavourable consequences are actually "*reciprocity effects*" which they describe as, "*the change in initial consumer attitude towards brand and after the brand extension*". A dilution of brand assets can occur when undesirable associations are created or as a result of weakening already established parent brand associations. Further, it may be extremely difficult to associate one parent brand to two or more brand extensions without weakening the brand positioning which is already a part of consumer evoked set of mind (ibid).

2.4.2.3 Lowering Brand Credibility

Sometimes the associations created by a brand extension can create confusion in the image of key brand capitals, and result in lowering the trustworthiness. So brand managers should take due care when making a decision to stretch a brand (Aaker, 2004). Further it is fact well established that too much of a good thing is sometimes dangerous and same is true for new brand extensions. Making too many extensions can make the brand lose its exclusivity or selectivity (Aaker, 2004).

2.4.2.4 Cannibalization Effect

Another important disadvantage related to brand extensions are cannibalizations or the degree to which one product customers are created at the expense of other brands offered by the same firm. For example, Crest chewing gum which was launched as brand extension of Crest original brand. The consumers taught as if the chewing gum would taste like tooth paste (Aaker & Keller, 1990). The degree of cannibalizations would be greater (a) *for those extensions which are relatively more successful in a new brand category, and* (b) *from consumers view point, for those brand extensions which possess greater similarities to parent brands* (Sharp 1993; Farquhar, 1990). Even brands with higher brand equity may not succeed at times. In such a case it can lead to the following feelings for parent brand, (a) *Customers may get the impression that the extension is not increasing the value of product;* (b) *It is merely a manipulation strategy for increasing prices* (Aaker & Keller 1990).

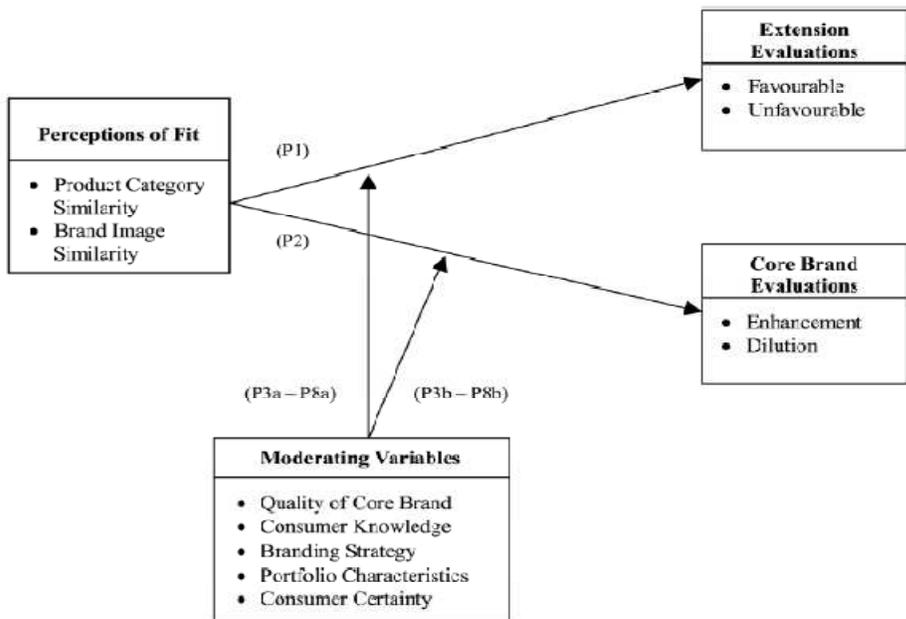
To sum up the above discussion in nutshell, brand extensions offer companies an opportunity to grow quickly into existing and new product categories. As a result more companies are practicing one or other form of brand extensions. Naturally few extensions succeed and many fail to occupy shelf space for longer duration. However, it is important that a brand manger identify beforehand and weigh the associated pros and cons to know whether or not an extension is a feasible proposition in a particular brand category. We have come up some benefits and disadvantages from previous theory but this list is not exhaustive as a lot depends on the specific situation and the nature of the company carrying out the extension.

After accomplishing rationales and advantages and disadvantages of brand extensions we now proceed further to gain a thorough understanding of our final research question (RQ3). The following discussion would focus on how brand managers in Pakistan describe a successful brand extension.

2.5 Successful Extensions

Launching a new product is a costly strategy as it may cost a company as much as US \$ 1000 million (Randall, 2000). This is substantial amount of investment and there is no surety of success. Given the view that new product is considered as a strategic investment, therefore companies look forward to reap the benefits of this investment by launching a brand in some other product class (Aaker & Keller, 1990). The success of a brand extension can be measured in terms of *gross profits, market share and the years of successful product life cycle* (Grime, Diamantopoulos & Smith, 2002). However, there is no single hard and fast rule to determine success, but there are certain common features. It has been tested previously that brand extensions need to meet customer's representational and functional requirements. During the process of evaluation consumers think of whether or not there is a *fit* between the parent brand

and extension. In addition they also consider if there is a *fit* with the product category and the image of the parent brand. It is also pertinent to know that moderating variables also affect the evaluation of the brand extensions and the core brand. These variables are *quality of parent brand, end-user knowledge level, branding strategy, characteristics of brands and end-user certainty* (Muthukrishanan and Weitz, 1991; Keller and Aaker 1992; Dacin and Smith, 1994; Smith and Andrews, 1995; Thompson 1997).



Adopted from Grime et al (2002) p. 1424.

2.5.1 Dimensions of the Concept of Fit

As the framework above depicts the most important aspect in brand extensions are *fit* in terms of "similarity" (Muroma and Saari, 1996; Bhat and Reddy, 1997). The concept of similarity infers the level of commonality among the existing and new product categories. If similarity is high, then the probability of transferring favourable attitudes towards the extension is greater (Grime et al, 2002). The "relatedness" of new product category to the current product category is also one dimension of the concept of fit (Farquhar et al., 1990; Boush and Loken, 1991; Gurhan-Canli and Maheswaran, 1998). According to Nedungadi and Hutchinson, (1985) relatedness or typicality infers to what extent an extension category represents its core brand. Further it has also been proven that customer evaluate *fit* in terms of "concept consistency" between brand concept and brand extension (Park et al., 1991; de Magalhaes Serra et al., 1999).

2.5.2 Moderating Variables

As the conceptual framework in the above mentioned figure depicts, five moderating variables influence the power of relationship in terms of *fit* and consumer assessment of a brand extension and parent brand. However, certain variables are omitted such as price as there is no empirical proof which supports it as a key moderating variable. There are also contradictory evidences that price and quality are interlinked, therefore its intake has produced greater effects as quality of the

parent brand is included in the framework (Dawar and Parker 1994). The five variables are now explained in more detail as follow.

2.5.3 Quality of the Core Brand

Perceived quality is defined as, “A *global assessment of a customer’s judgment about the superiority or excellence of a product (Zeithaml, 1988, p.3).*” There is no consensus so far achieved as to whether higher quality perceptions of the core brand increase positive assessment of a brand extension mainly due the transfer of favourable perceived quality associations from the parent brand to the extension. Bottomomy and Doyle (1996) supports the idea that quality has the relationship with core brand quality. On the other hand, Aaker and Keller (1990) are of the opinion that there is no direct relationship from the perceived quality of the core brand to extension evaluations. Moreover, when used in isolation parent brand quality for predicting brand extension and core brand evaluations may not be sufficient (Aaker and Keller, 1990). Therefore it is proposed that the level of fit moderates the transfer of parent brand quality to the brand extension (Aaker and Keller, 1990; Bottomley and Doyle, 1996).

2.5.4 Consumer Knowledge

Consumer knowledge is considered as a moderating factor in the discussion of *fit* on brand extension and parent brand assessment (Muthukrishnan and Weitz, 1991; Broniarczyk and Alba, 1994; Roux and Boush, 1996). This consumer knowledge comprises of two parts namely *expertise and familiarity* (Alba and Hutchinson, 1987). However, there is some ambiguity as to consumer knowledge refers to the brand, or the product or both of them. There is considerable debate over this issue but no consensus has so far been achieved. Furthermore, “*experts*” and “*novices*” have different reactions while responding to brand extensions (ibid).

2.5.5 Strategy of Brand

Hybrid use of brand names to increase the acceptability of the brand extension is pretty commonly used in previous studies (Park et al., 1993, 1996; Milberg et al., 1997; Thompson, 1997). Such a combination of two names can be used for a brand extension to influence customer assessment in positive manner (ibid). Using such a hybrid combination of brand name strategy to launch a new extension can help avoid dilution of the core brand (Park et al., 1993, 1996; Milberg et al., 1997; Kirmani et al, 1999).

2.5.6 Portfolio characteristics

According to Dacin and Smith (1994) the number of products and the various categories associated with the brand form a “*portfolio characteristics*”. They found out that fit was not so critical once a brand has been extended into several product categories. In simple a brand having many products in different product categories in its portfolio can find it less risky when extending. On the other hand extending a single product brand in a new product category is a more risky strategy (Kardes and Allen, 1991).

2.5.7 Consumer Certainty

The final moderating variable is the framework isconsumer certainty. It is defined as, “*the ability of a company to provide an extension that meets consumer expectations*” (Smith and Andrews, 1995). A similar term known as “*company credibility*” is being used by Keller and Aaker

(1992), which is defined as, “*the extent to which consumers believe that a company can deliver products and services that satisfy consumer needs and wants*”. It is suggested that there is a relationship between company credibility and concept of *fit*. So it is inferred that the greater the level of consumer certainty, the lower will be the influence of *fit* on a consumer assessment of a brand extension and the core brand (ibid).

To sum up the above discussion in few simple words we can say to define a successful brand extension the concept of fit has been used extensively in past researches. This is why we have chosen a model proposed by Grime et al (2002) which ascertains perception of fit in terms of product category similarity and brand image similarity relative to parent brand and extension evaluations. Several of moderating variables also comes into play such as quality of core brand, consumer knowledge, branding strategy, portfolio characteristics and consumer certainty. In addition since in our country most firms are family managed firms (FMF), so it would be interesting to know how a brand manager defines success for a brand extension in such a situation. On the other hand the owner of the business regards the profit as a success denominator mostly.

3 Methodology

This chapter explains the research approach and research strategy chosen. We explain how the data collection is conducted and which techniques would be used to enable us to answer purpose of the study.

As we are trying to gain a deeper understanding of brand extension activities in Pakistan therefore we took into consideration both qualitative and quantitative research approaches. Quantitative research generates thin descriptions and qualitative research generates comprehensive descriptions (Ponteerotto, 2006). This thorough nature of qualitative research is described by Patton in the following manner. *“Innovators are told: “think outside the box” Qualitative Scholars tell their students: “Study the box. Observe it. Inside. Outside. From inside to outside, and outside to inside. Where is it? How did it get there? What’s around it? Who says it’s a box? What do they mean? Why does it matter? Or does it? What is not box? Ask the box questions. Question others about the box. What’s the perspective from inside? From outside? Study diagrams of the box. Find documents related to the box. What does thinking have to do with the box anyway? Understand this box. Study another box. And another. Understand box. Understand. Then you can think inside and outside the box. Perhaps. For a while. Until it changes. Until you change. Until outside becomes inside - again. Then start over. Study the box.”* (Patton 2002, p.1)

3.1 Research Approach

During the preliminary chapter we put forth several research questions concerning the choice of brand extensions strategy in Pakistan, its associated *pros and cons* and how a successful brand extension can be described. According to Ponterotto, (2006) in-depth interviews are a form of qualitative research which tries to find out and describe the multifaceted nature of human experiences thus leading to deeper understanding of phenomenon under study. A research approach refers to path chose for treating and analysing data selected and can generally be classified either as *qualitative or quantitative* (Yin, 1994). A quantitative approach is formal and highly structured (Holme and Solvang 1991). This type of research reveals results which are measurable and can be presented in facts. Quantitative research goal is to generalize the effects of study of few variables to a greater number of entities. It is pertinent to recall our research problem where we mentioned that there is little or limited research done on this problem before in Pakistan therefore wanted to interview seasoned players who possess the ability to understand and talk over the doing of it.

A qualitative research approach tries to extract conclusions from qualitative data, like attitudes, values and perceptions. This gives us the choice to gather information and examine several variables from a limited number of entities. As a result it gives us the opportunity to achieve a deeper understanding of the study on hand (ibid). In the light of above explanations, the emphasis of our study would be qualitative, because we aim to gain an understanding of why Pakistani companies use brand extension, which in turn requires a more detailed examination. To achieve the exploratory purpose of our study a qualitative approach was incorporated in this thesis. Initially, we approached many seasoned companies, out of which three companies agreed to give us time for telephone interviews. To make the interviewees familiar with our thesis topic simple PowerPoint slides and a questionnaire was send to them before the interviews took place. These interviews were recorded and average time for an interview was approximately forty to

fifty minutes. Besides this two more companies were selected and one of the authors went to Pakistan for conducting the face-to-face interviews. In the same manner the later two companies were also provided informative PowerPoint slides and a questionnaire beforehand. Finally, to clear some doubts regarding the first three telephone interviews the companies were recontacted to clear the doubts in some questions.

3.2 Primary Data

There are two main categories when it comes to collecting data, namely primary data and secondary data (Wiedersheim-Paul and Erikson (1997). Secondary data are desk data or second hand data i.e. data collected for some other purpose. Whereas, on the other hand, the firsthand data collected for a specific purpose is known as primary data. Further, as proposed by the authors, there are mainly three ways for collecting data for specific phenomena such as *documentation, interviews and observations* (ibid). With reference to Yin (1994), the most considerate source for information collection is interviews. The reason is that during interviews interviewers can directly focus on the topic. Moreover, interviews are pretty much insightful as the given perceived casual inferences (ibid).

3.2.1 Interviews

According to Breakwell (1995) interviews as a research tool are very flexible as these can be used in a multiplicity of phases during the research work. For example, during initial stages for helping in more thorough examination, as part of pilot testing of various instruments and as a way for gathering data. Interviews can also be easily used in a multi-method design approach that may encompass observation as well as questionnaires (ibid). Interviews can be conducted in several ways mainly depending on research questions being put forward and are also subject to the availability of funds. For our interviews we studied our frame of reference time and again and then generated a pool of questions relevant to our research questions. Some questions were discarded as they were irrelevant and then refined our questions again before conducting the real time interview to elicit the required information from the interviewees.

3.3 Data Analysis

Due to the non-standardized type of data during a qualitative analysis Walker et al. (2008) advocate that excessive care should be taken while analysing. Since, qualitative methods of research are deficient in rules for how much and what kind of data needs to be collected and particular empirical formulas to inform audience and researchers what the data really mean. To overcome this deficiency of qualitative research Walker et al (2008) has proposed the following model presented below in table.

Table: Model for Qualitative Analysis

Level	Step	Process
1.Description	1	Read and reread the transcripts of each interview while referring to field notes taken during that interview. Identify relevant discourse from each participant’s transcribed interview.

	2	Summarize identified relevant discourse form each transcript to produce the core information of each interview Present summary to participants at a second interview to confirm that the essence of their experience has been captured.
	3	Summarize identified relevant discourse from each transcript to produce the core information of each interview. Present summary to participants at a second interview to confirm that the essence of their experience has been captured
2. Analysis between participants to generate theme	4	Generate common themes via microanalysis <ol style="list-style-type: none"> 1. Broad extraction of information. 2. From broad extraction, generation of themes. 3. Summary of themes generated Points of tension identifies from common themes.
3. Findings Critical and Cultural analysis	5	Label standard and divergent meanings
	6	Explore the explicit and implicit meaning looking for connection to broader cultural, historical and political influences.

Source: Walker et al. (2008)

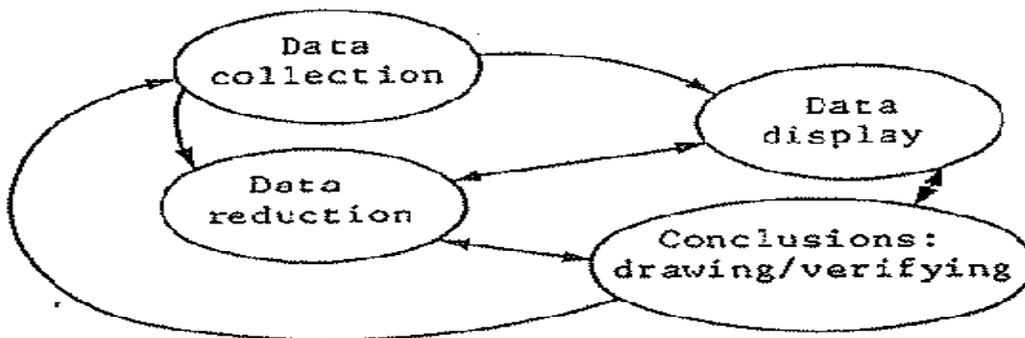
According to the above table presented by Walker et al. (2008) the first two descriptive steps include drawing focal information from the subjects. Extra parts such as questions and remarks of the interviewees are eradicated. This course of action is continued until and unless the specific data (information) is attained. In step three the researcher digs out themes from interviews and then goes on to summarize the extracted themes. Step 4 is very much challenging as it mainly concerns with making significant interpretations of the abstracts attained through the earlier steps 1 to 3 (Walker et al (2008). In the next step 5 both the standardized and non standardized interpretation of themes is first identified and then labeled. Further, the researcher makes an effort to interpret the meaning of issues like silence for interviewee. This is the step where the experience of the interviewer comes into play. In the last step of level 3 background factors such as culture, past events and political dynamics are considered to better comprehend the responses. The first and second descriptive step involves eliciting the core information from the participant's interviews. Useless contents such as interviewer's questions and comments are deleted. This process is continued unless the core information from the participants' interviews is

created (Walker et al., 2008). Step 3 is used for extracting themes from the interviews of each participant and summarizing the themes extracted. Step 4 involves meaning making from the abstract generated from the tasks performed through step 1 to 3 and according to Walker et al. (2008) this step produces the greatest challenge for the researchers. In step 5 the standardized and non-standardized meaning of themes is identified and labeled. Besides this, the researchers try to understand the meaning of the issues such as gaps or silence of the participants. That is the experience of the in-interviewers is considered for analysis in this step of analysis. Therefore, in this step the researchers use their observation to analyze the phenomena. In the final step of level 3 the cultural, historic and political dynamics are considered to have a better understanding on the responses of the participants.

It could also be argued that the model prescribed by Walker et al (2008) encompasses analysis of collected data from interviews as well as observations. The initial four steps encompass analysis of data received from interviews whereas; step 5 gives course of action for analysis of data gained from observations. Another popular approach for data analysis has been proposed by Mile and Huberman (1994) which comprises mainly of three steps in analysis of data. This method was incorporated for doing cross analysis in of interviews from the selected five companies.

First step in this process is known as *data reduction*. In this step researcher creates a review of the data collected. The main objective of this step is to refine and reduce the data from impurities to ease clarify. In this regard we are contemplating to read all the collected information and reflect by summarizing the information in a cohesive manner before entering the next step of model (Mile and Huberman 1994). The second step is known as *data display* which comprises of processes such as streamlining, and assembling of data selected in the previous step. In simple data display means the presentation of data that has been reduced in a systematic manner to ease the conclusion drawing process (ibid). The third step is *drawing a conclusion which is* the final step of the model and helps explain to reader the results of the data analysis. This step also helps in verifying conclusions, and incorporates suggestions. (Mile and Huberman 1994)

Figure 2: Mile and Huberman



Source: Mile and Huberman (1994)

This was particularly useful as in our study as we are collecting data through telephone interviews so we consider this as a useful method for attaining our purpose of study. We chose interview as primary data collection method, due to its strength to focus directly on the topic on hand, thus allowing of in-depth information. Further according the level of structure and

formality, interviews can often be further divided into open-ended, focused and structured interviews. For our purposes we have carried out a *focused telephone interview*. Telephone interviews are less costly and time consuming, which is extremely useful for contacting our distant respondents in Pakistan. During the later part of our research one of the co-authors had the opportunity to visit Pakistan for conducting final two face-to-face interviews which has further strengthened our research findings.

3.4 Convincing the reader

In this section we discuss and highlight reliability and credibility of our research in terms of data collection and analysis. We proclaim that our findings are induced in a thorough manner from the five interviews with brand managers in an objective manner.

3.5 Validity and Reliability

According to Walker et al, (2008) qualitative research is influenced by subjectivity. It is therefore natural to stress on credibility of data in qualitative research. It is important to pay consideration to reliability and validity to decrease the probability of receiving wrong responses (Saunders et al, 2007). According to Yin (1994) there are mainly four kinds validity used by researchers for assessing quality of a research namely *construct, internal & external validity and reliability*. In this thesis validity refers to the applicability of our findings in a broader setting (ibid). Reliability tries to reduce faults and prejudices in study to make the research techniques and methods more precise and accurate (Yin 1994). Reliability refers to the predictable outcomes when the same phenomena are measured time and again (Carmines and Zeller, 1982). Greater reliability is known to exist if the researcher attains the same results when carrying out the study again with the same procedures (Yin 1994). According to Wiedersheim-Paul & Eriksson (1991) subjects lack of appropriate know how adversely can affect reliability. Therefore, we email questionnaires along with Power Point slides to the subjects beforehand to avoid any ambiguity or hesitancy arising from face saving responses of subjects. In addition, we have also recorded interviews to re-check the responses. According to Yin (1994) draws back in telephonic interviews are that non-verbal cues could not be considered which indeed a limiting factor for our concern. According to Ghauri and Gronhaug (2005) for enhancing reliability and validity it is important to present both questions and responses from subjects in the body of study therefore we have incorporate both of them in our thesis.

3.6 Delimitation

The study is carried out from a viewpoint of brand extension in our home country (Pakistan) instead of our host country i.e. Sweden. The main reason is cultural and language familiarity with brands. Another constraint confronted during the course of interviews was the fact that majority of multinationals (MNEs) formulate brand extension strategies at their head quarters abroad. Yet another limiting factor was encountered during our telephonic interviews was that we could not gauge non-verbal cues of respondents. However, the final two interviews were conducted face-to-face in Pakistan which has help to overcome the problem to some extent. Finally, it was learnt that since the concept of brand manager in Pakistan is in infancy stages therefore normally it is the marketing manager who carries out the responsibilities of brand manager when it comes to brand extensions.

4 Empirical Study and Analysis

A brief description of the interviewees of this study will be presented in this section to facilitate the understanding of analysis. The presentation of the interviewees will be followed by three parts. Where the empirical finding will be presented and analyzed in the light of theoretical frame of reference. We have chosen to concentrate upon the data that is that we extracted from interviews. This section is structured by quoting exact responses of interviewees followed by relevant theory. The complete set of questions can be found at the end in appendix 1.

4.1 The Interviewees

We chose the five brand managers among the seven interviewees for our analysis purposes and discarded the other two as they were not up to academic standards. The brand managers represent five different companies involved in brand extensions. All the interviewees are involved in daily business activities. The brand Managers were selected to achieve the purpose of this study i.e. brand extension in Pakistan insights from brand managers. It was predetermined that the interviewee should be a graduate in business administration and have remained involved in brand extension or marketing related activities for at least five years.

4.1.1 Mr. Farhad Khan (Z-Jans)



Z-Jans Private limited Peshawar, Pakistan was started by its founder Mr. Nasir Khan in the year 1999. Mr. Nasir had 15 years of experience in sales at different local pharmaceutical companies. After extensive experience he was somehow able to persuade his four brothers to start a family business mainly concerned with distribution of health care and pharmaceutical products. With the passage of time as the company grew Z-Jans set up its own manufacturing facility for production of various drugs under license from Ministry of Health, Government of Pakistan. The company attained ISO 9000 and 14000 certification in the year 2001.

By the year 2001 the company has grown to a product line of 48 products in different categories such as antibiotics, anti cancer and anti malaria managed by a Product manager (Farhad) under the supervision of charismatic leadership of Mr. Nasir Khan. Today the sales force of company comprises of almost 200 salespersons working in different national geographical markets with several dealers in foreign markets mainly Afghanistan and Central Asian Republics (CARs) like Kazakhstan, Turkmenistan and Azerbaijan. In the year 2004 the Research and Development wing of the factory had developed a formula from Chitosan (a chemical) into a very exciting product which can be used as a substitute for sugar. It was sweet yet with no sugar and it even tasted same as sugar. So, Mr. Nasir became interested in launching some consumer products in the health care sector but he did not decide on whether to launch the product in land or abroad.

After doing some marketing research coupled with personal visit by the founder and Product manager to CARs they arrived at the idea of targeting the CARs countries abroad and diabetic patients in land. This two prong strategy was exciting as it helped the company diversify its product line by extending into consumer products which also became a source of entering international marketing. The Product manager was transformed into a brand manager for the

consumer category of products to take charge of the project and come up with a launching plan for the new products in domestic and international markets simultaneously. He selected eight members for his product launching campaign. The campaign was launched and it proved out to be a great success. The company Z-Jans today enjoys great awareness and recall in consumers and its products have occupied considerable shelf space in the marketplace both nationally as well as internationally.

4.1.2 Mohammad Ismail (Chen One)

Chen One was founded by Mr. Mian Muhammad Latif (Chief executive of Chenab Group) in the year 1990 to cater for the demands of Pakistan market in the fashion sector. Chen One is a subsidiary of Chenab Fabrics and Processing Mills Limited Pakistan. This group mainly dealt in exporting home textile goods from Pakistan to worldwide. Mr. Muhammad Ismail is a seasoned and creative campaigner at Chen One. He has remained in charge of the advertising and media divisions of Chen One while carrying out marketing campaigns for new brands of Chen One. Therefore has a thorough understanding and product category knowledge. He joined Chen One soon after its establishment in the year 1990. Chen One as a retailer has now presence in all the major cities of Pakistan like Karachi, Islamabad, Peshawar, Sialkot, Lahore, Rawalpindi, Abbotabad and many others. Chen One after receiving success domestically went international and now is functioning in Dubai (Jumeriah), Abu Dhabi (Marina Mal), Ajman, and Kingdom of Saudi Arabia (KSA).Chen One is contemplating to open 50 stores in Pakistan by the year 2015. Mr. Ismail is Product manager and is also team leader for the international operations in Middle East.

4.1.3 Aziz Anwar (Haleeb Foods Limited)

Haleeb Foods Limited is the largest Dairy Processing Company in Pakistan mainly dealing in Dairy products, Juices, and Ultra Heat Treatment milk (UHT). The company was established in the year 1986. The first product of the company was Haleeb Milk. Ever since then, the company has continued to come up with several successful brands and line extensions for customers mainly through product and package innovations. Today Haleeb holds market leader position in many food categories with strong brand portfolio composing of national and international brand such as Haleeb, Candia, Dairy Queen, Tea Max, Skimz, Tropico and Good Day.



Mr. Aziz Anwar holds MS (Master of Science) degree in Business Administration with specialization in Consumer Marketing. He is associated with Haleeb Foods since 1999. Under his leadership as a marketing manager, brand extensions such as Skimz Liquid Milk, Tropico Juice Drink, Haleeb Dairy Queen, Haleeb Fun Day Juice Drink and Haleeb Lassi Drink were successfully carried out. Nowadays he is in charge of Haleeb International Business Division while simultaneously acting as a marketing manager.

Haleeb Foods Limited (HFL) has acquired international certifications of Hazard Analysis and Critical Control Points (HACCP) in process controls for safe products, (ISO 9002) for better quality and (ISO 14000) for environment- friendly operations. A list of the Haleeb brand extensions over the years are shown in the following table.

Table 2: Haleeb Foods Limited

Year	Brand extensions launched
1997	Haleeb Asli Desi Ghee
1998	Haleeb Cream, Candia Skimz Milk Powder
1999	Candia Milk, Candia Skimz Liquid Milk
2000	Tropico Juice Drink, Haleeb Dairy Queen
2001	Haleeb N'rish Instant Full Cream Milk Powder
2002	Haleeb N'rish Fortified Instant Full Cream Milk Powder
2003	Candia Tea Max Dairy Whitener, Haleeb Butter, Haleeb Plain Yogurt, Haleeb Lassi Drink
2004	Haleeb Good Day Pure Juice, Haleeb Fun Day Juice Drink, Candia Candy'Up Flavored Milk
2005	Haleeb Cream With Honey, Haleeb Tea Max with Cardamom, Haleeb Labban, Haleeb Good Day(Mix Fruit, Red Grapes, Mango Pineapple)
2006	Haleeb Reshmi Pack, Candia Classic, Skimz Pouch, Tropico Nectar
2007	Haleeb Cheddar Cheese

Source (haleebfoods.com)

4.1.4 Mr. Ghaffar Khan (General Manager, Lakson Group)

Lakson Group was created in the year 1954. Their portfolio of products comprises of consumer goods such as cigarettes, tobacco, detergents & soaps, powdered beverages, textiles, tea, packaging, printing & publications, surgical instruments, toothpaste, food items & fast food restaurants. In the domain of services Lakson group operates in internet service, software and insurance. Lakson Group annual sales amount to 625 million US\$ with assets valuing almost 280 million US\$. The Group is trying to become a responsible corporate citizen. The group runs a hospital under Hasanali Karabhai Foundation in the war torn area of Swat. So far over three million patients have benefited from the treatment of the hospital.



Mr. Ghaffar Khan is associated with the group for almost three decades. Mr. Ghaffar Khan holds credit for successfully designing the launch of Express Newspaper in Urdu language which is the most circulated newspaper in Pakistan as well its website express.com.pk is the most viewed news website by Pakistanis overseas. Afterwards he successfully introduced Express News Channel in both English and Urdu languages which indeed was a big leap from print to electronic media. He is also a head of planning committee for Colgate-Palmolive wing markets products relating to oral care, personal care, surface care and fabric care with well known brands such as Sparkle toothpaste, Azadi soap, Max bar & Max liquid, Brite detergent and Bonus Surf.

4.1.5 THE SERVIS GROUP (Mrs. Ayesha Patel)

Servis group was set up in the year 1958. Service is one of the most popular brand names in Pakistan with market leadership in footwear manufacturing and export. Servis is having more than 9000 employees in its three companies namely:

- (a) Service Industries Limited (SIL),
- (b) Service Sales Corporation (Pvt.) Ltd. (SSC)
- (c) Servaid Pharmacy (Pvt.) Ltd.

Service Industries Limited (SIL) is listed on Karachi Stock Exchange (KSE) with more 6,000 employees. It is the largest footwear, tyres & tubes manufacturer for two-wheelers. It exports mainly to Italy, Germany and England.

Service Sales Corporation (SSC) is the leading footwear retailer in the retail industry. With its phenomenal success it is contemplating to become a giant regional retail player. It runs the retailing business with the brand name of Servis. A few of its popular footwear brands are



Additionally, Service Sales Corporation (SSC) has struck partnerships with prominent international brand names such as



Servaid Pharmacy (Pvt.) Limited was formed in the year 2005. It is Pakistan first national chain of pharmacies with the unique characteristic of working round the clock in 25 cities of the country. In a short span of five years Servaid has become the leading chain of pharmacies. It has more than 350 employees and its success is a function of reliable procurement channels and faultless quality procedures as well as good locations and a pleasing retail environment. Mrs. Ayesha Patel is the Creative Director of Adcom Advertising Agency based in Islamabad which is responsible for carrying out all media and brand launching campaigns for the Service Group. Mrs. Ayesha Patel is foreign qualified and has more than 15 years of experience in the advertising industry of Pakistan. She is dealing with Servis Group for the passed ten years and has remained in charge or part of team involved in brand extensions at Servis Group.

4.2 Rationales for Brand Extensions

As evident from our literature review the prime objective of brand extension for a company is to grow by increasing its bottom -line figure, though there are many other associated benefits as well. According to Kapferer (2001) companies try to secure a market segment with good growth potential. In addition Kim and Lavack (1996) argue that companies can utilize a well known brand name for achieving sales from new born market segments which were ignored or did not exist previously. Thus when we asked our interviewees about whether or not their companies achieved growth objective via their brand extensions? Their responses were as follows.

"Very obvious any company would like to grow as long as it can manage it. Due to intense cutthroat competition from domestic companies (500 plus) in Pakistan our market share was shrinking. We were contemplating for exporting to foreign markets while simultaneously trying to sustain market share domestically. So we did some market research, paid a couple of visits to nearby Central Asian Republics (CARs) and soon came to know that our products had potential in those countries as we were meeting or exceeding quality standards set by their respective Governments. We targeted these new market niches by our drugs to those countries initially and later on also launched our consumer products extensions namely Smartee, Smartee Plus, ZJans Sweetner and Saltast to the larger market segments therein. For us the response of these extensions has been overwhelming in these growing markets. Frankly speaking, brand extensions have indeed help us grow from a small domestic company to an international brand. Hereof, it is worth mentioning to say that our extensions are extending a helping shoulder to our core pharmacy products in order to stay competitive in tough economic circumstances and that too in highly regulated and price sensitive industry of Pakistan" (Farhad Brand Manager Consumer Division at Z-Jans).

"Sometimes we want to try new products to have a jump start by having the same "famous brand name" to make people feel comfortable during the buying process and we believe that our product itself will fulfill their post purchase expectations. Our motto is very important to understand that we believe, we will have to convince the customer once and for this we have used the brand extension. An important thing which I would like to clarify here is that the objectives some times are not to have growth in new products we want to launch but in fact we try to strengthen the existing brands which are at maturity level. To us a horizontal diversification helps us to reach the customer's more needs or its family's needs." (Muhammad Ismail, Chen One).

"Yes, this is evident from the fact that HFL is Pakistan fastest growing and leading packaged food company in terms of growth. This growth is largely due to our expansionist stance through line (flavors and packaging) and brand extensions (Dairy products, Juices and UHT Milk) for vigorous growth." (Aziz Anwar, Marketing manager HFL).

"At Lakson we are observing growth in multiple industries. For us growth is not the ultimate objective, rather it is customer satisfactions which drive us to follow the bandwagon. For example, our brands extension of Express TV channels was part of 100 plus channels launched in the past decade. Before the year 2000 we had only one television channel in whole country." (General Manager Ghaffar Khan, Lakson Group)

"Yes, we can say that at Servis brand extensions have over the years initiated a kind of spillover effects on their endogenous growth in the shape of more profits." (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

As evident from the above discussion both Z-Jans, Chen One and Servis has witnessed growth by engaging through brand extensions by creation of new market segments as well as sustaining current market share by capturing new market niches through spillover effects. This goes in complete conformance with theory. As we know that one of the motivations behind a brand extension for a company is growth (Kapferer, 2001). This is made possible by securing a growing market segment of suitable size through a brand extension from the already established brand name. By doing so, the brand extension can easily capture more market share quickly as it is capitalizing on the positive brand name and associations of the already established brand (ibid). According to Kim and Lavack (1996) there is a higher level of probability to cover new or non-existent market segments by taking advantage of the established brand name. However, Haleeb Foods Limited has a little different view point from Z-Jans and Chen -One when it comes to growth. They argue that for vigorous growth like Haleeb (Two dozen extensions) an expansionist stance on behalf of company is a prerequisite. In view of Lakson group staying abreast with the consumer trends preferences are more pivotal than simply achieving growth in multiple sectors.

Another underlying motivation behind brand extension is to match and mesh consumer needs, desires and trends. This is congruent with the notion of marketing concept which state that customers will favour those products which satisfies the wants, needs and demands of customers better than competitors (Kotler & Armstrong, 1996). In this regard a question was put forward as to how brand extension strategies have met the wants, needs and desires of consumers in their respective companies. We received very interesting answers in response.

"According to (WHO) World Health Organization report on obesity published in (1999) describes obesity as a chronic "disease" and an escalating "global epidemic," and emphasizes that it is increasing at an alarming rate in developed as well as developing nations. Research after research reiterates an ever growing trend in obesity and obesity related diseases such as high blood pressure, cholesterol, cardiac diseases, stroke and arthritis et cetera which are intimidating the masses, so they desire to avoid obesity by consuming fewer calories so as to remain slim and sleek. So in this regard our brand extension are in line with market sentiments (the wants, needs, desires and consumers trends) as our brand extensions Z-Jans Sweetner and Smartee (Plus) possess fewer and no calories respectively, yet they help in weight reduction as well as taste same as sugar. In fact in Smartee Plus our Unique Selling Proposition (USP) is zero calories which have attracted many health conscious citizens. In addition, majority of diabetic patients could not afford expensive brands such as Candrell and Medicam so we came up with a cheaper and effective solution for consumers with our brand extensions" (Farhad Brand Manager Consumer Division at Z-Jans).

" As we started with Home textiles, where our major customer were mothers but when we extended the brand for kids clothing again we were using the same name and mothers were the decisions makers for derived demand of their children clothing's. "(Muhammad Ismail, Chen One).

"As we all know that food is a basic need so we try to come up with the best nutrition for our target market while focusing on the energy and hygiene requirements of various market segments. Like for example our latest extension 'Haleeb Xtra Energy Milk' is pasteurized, homogenized, and standardized UHT milk with low fat ingredients for meeting the energy needs of kids." (Aziz Anwar, Marketing manager HFL)

"Our Mission is to build a successful business model that encompasses the needs of our customer, our shareholders and our employees. At Lakson we put customer focus and innovation at the forefront of our core values. Our brand extensions thrive on innovation and originality, and value our customers by putting their wants, needs and demands at the center of everything we do. "(General Manager Ghaffar Khan, Lakson Group).

" At Servis, we have a strategic stance towards stretching brands by taking leverage of capabilities and targeting unsatisfied needs, wants and demands of customers. We extend into formal wear, work wear, evening wear and sportswear to create emotional, monopolistic, price and incentive based loyalty. At the same time we try to ensure that new brands go in harmony with our brand identity. "(Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

By analysing the above mentioned responses from Z-Jans, Chen One, Haleeb and Servis we conclude that all the four companies try to understand the basis needs, wants, demand and trends of target market and thus carry out extensions accordingly. This discussion is also supported by Weilbacher (1993) and Ambler & Styles (1997) who are of the opinion that brand extensions may take place so as to meet consumer needs or trends surfacing from marketing research. At Lakson group they take care of internal customer like shareholders and employees while at the same time focus on satisfying the end users.

Within the past two decades we have witnessed a great demand for brand extensions activity with the number of companies involved in extensions increasing manifold. Probably the most important reason is the low amount of investment required for launching a brand extension in comparison to launching a new product which is believed to be a costly proposition. The interviewees when asked to identify the ways in which their companies benefited in terms of reduced investments? Their responses were as follows.

"Frankly speaking, theoretically this may be true for most of the cases but our experience at Z-Jans is slightly different. As the new product (brand extension) was already in the pipeline at R&D wing of the company which help us launch the final product on time and thus reduced the overall investment and effort required. However, in our experience as a small company and that too in its infancy stage (5 years after inception) for us the investment required for entering a new category with respect to marketing mix variables was considerably more as by design or by default we were dealing in only in prescription drugs. Because according to Drug Act 1976, Pakistan pharmaceutical companies are not allowed to market drugs directly to consumer. Therefore we needed an innovative launching campaign for goodwill creation. This indeed was investment extensive activity". (Farhad Brand Manager Z-Jans consumer division)

"Yes definitely, as we didn't need to have new teams for sales, marketing, distribution and in fact we have now more products to contribute to company over heads. "(Muhammad Ismail, Chen One).

"At HFL we take advantage of our excessive capacity in dairy departments so we sometimes utilize excessive or idle capacity for launching brand extensions such as Haleeb Good day Juices (in six flavours) which is a seasonal business for us. Other than this our we have high fixed investment as equipment for homogenisation, pasteurisation, sterilization, Ultra heat treatment of milk and packaging material such as 6- layered Tetra Pack Brick Aseptic Packaging. Part of money goes to Sweden as I believe tetra pack is a well known invention of Sweden." (Aziz Anwar, Marketing manager HFL).

"We at Lakson do not consider benefit in terms of physical assets though we have favourable sales to asset ratio for the group as a whole. However, we have benefited in terms of brand awareness created over the years by our parent brand and reduced training costs as we follow a rotation policy for our seasoned employees." (General Manager Ghaffar Khan, Lakson Group).

"We have experienced reduced invested through our pool of expertise, capacity utilization, promotional efficiencies and of course, in terms of (ROI) return on investments." (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

From the above themes we deduce that Z-Jans, Chen One, and Servis have benefited from brand extension in terms of investment and return over investments. This is particularly true in these three companies as brand extensions spreads overhead costs across multiple brands in different categories. This is in agreement with theory put forth by Randall (2000) who argues that in comparison with new product launching it is rather economical to launch a brand extension. Since the brand extensions rely heavily on the established parent brand name therefore the balance of fulcrum of success bends in favour of the brand extensions (Aaker, 1990). However, the approach of HFL and Lakson group is very innovative as they utilized idle capacity for extending into seasonal products like juices and soft drinks in summer season while the latter benefits through reduced training costs by following a rotation policy for seasoned employees. A complementary question relating to communication costs for awareness creation was answered as follows.

"I reckon this is very interesting question as it would help me further clarify my previous answer as well. Yes, Z-Jans did benefit in two ways. Primarily, in terms of lower research and development costs as well as production costs as we are having both these functions under the same four walls of the factory. Second, we benefited in promotional or awareness costs. For example in the subsequently launched Saltast and Z-Jans Antiseptic soap we needed less investment for building awareness as we were trying to synergise by capitalizing on our previous marketing effort for Smartee Plus and Z-Jans Sweetner for our new brand extensions". (Farhad Brand Manager Consumer Division at Z-Jans).

"It's a good question, but I would say that it depends, first let me explain that now we are selling clothing for all age, home textiles, furniture and home accessories. By adding new products we came to know that every segment has its own seasonality and trends. Sometimes we use a common platform to market all products and some time we have to do according to the season/segment." (Muhammad Ismail, Chen One).

"Definitely, it is rather convenient for us to launch new extensions. And I think that is why you see that we have been involved in almost two dozens of brand and line extensions. It is very interesting to know that our innovative products like traditional Haleeb Lassi (buttermilk)

prepared from pure thick milk and yogurt and Candia Tea Max, cardamom flavoured tea whitener diffuses into public very quickly " (Aziz Anwar, Marketing manager HFL).

"We have experienced lower communication costs. However, since we are so big a group therefore we were compelled to use above the line (ATL) promotional strategies to protect and enhance our brand image and awareness. In contrast small firms can benefit by adopting a mix of Above-the-line (ATL) and Below-the-line (BTL) activities, sometimes also referred to as Through-the-line (ATL+BTL= TTL) strategies." (General Manager Ghaffar Khan, Lakson Group).

"At Servis we follow a concept of Corporate Reputation Quotient (CRQ) which has done much for building instantaneous awareness by effectively capturing the perceptions of all concerned stakeholders inclusive of customers. The main drivers of CRQ are Emotional appeal, Vision and leadership, Products and Services, Working environment, Performance and Social responsibility. "(Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

The themes generated from Z-Jans and HFL the empirical data in line with theory given by Randall (2000). Whereas, Chen One has a particular focus on seasonality of products because of the specific requirements of industry. According to Ambler and Styles (1997) supports the above by saying that brand extensions can be helpful in reducing the costs required for building awareness. The final two interviewees came up with rather different response with representative stating that Lakson has benefited only in terms of above-the-line promotion as it has a strong presence in the media industry. In case of Servis they follow a rigorous marketing research strategy of Customer Reputation quotient by trying to build awareness for its brand over a longer period of time ignoring the short run benefits.

According to Kotler & Armstrong (1996) mass production of commodities result in attainment of economies of scale concept which reduces per unit costs as company can attain optimal level of production. The interviewees were asked about how their companies benefited through economies of scale? Their responses were as follows.

"Yes, we have reaped the benefits of economies of scale in terms of production as well as per unit promotional cost. As earlier on mentioned we were able to go in harmony with our previous campaigns in print and electronic media. We at Z-Jans view marketing as an investment whose benefits are reaped with increased awareness and recall, whereas most of the companies take it as a cost. Secondly, mass production had helped us lower per unit cost thus increasing our margins".(Farhad Brand Manager Consumer Division at Z-Jans).

"In general terms of business this may be true however, in the perspective of whole supply chain I can say 'No', because the production, locations and logistics varies from product to product. For example "Italian suites for Men" are totally different from furniture made in company's local factory. "(Muhammad Ismail, Chen One).

"I must clear you that we are dairy processing company so we process what we receive from our suppliers. We collect raw milk from our approved supplier lists (dairy farms) and then process it and no chemicals are involved in preparation. So in way our production is dependent upon our suppliers. So in such a case we cannot achieve economies of scale as our supply is limited." (Aziz Anwar, Marketing manager HFL).

"Lakson Group is operating in multiple industries. So for us increasing returns on scale has proven beneficial in identical brands or industries. But overall the impact of economies of scale is not so visible when taken to analysis across different industries on individual brands." (General Manager Ghaffar Khan, Lakson Group).

"The economies of scale are more relevant to Servis tyre and tube brands for two-wheelers. Basically, these are companion products for which we follow captive product pricing, so they are mutually dependent in terms of production." (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

The themes generated from the observations it is known that Z-Jans & Chen One is agreement with Buday (1989) who state that brand extensions are known to lower the costs of communication for each item of sales. In addition there is also a high level of response rate from consumers in terms of awareness creation as the consumers are already acquainted with the media messages for existing name (Nilson, 1998). In the case of HFL empirical data reveals that in perishable items such as dairies sometimes attaining economies of scale depends on the supply availability from suppliers. Lakson group is of the opinion that the effects of economies of scale are slightly felt as they are operating in multiple industries. As far as Servis is concerned they are witnessing greater economies of scale in their companion brands of tyre and tubes.

According to Kotler & Armstrong (1996), companies introduce a host of sales promotion tools in order to induce consumer trials for their new products. This includes but is not limited to samples, premiums, sweepstakes, Point of purchase (POP), discounts and demonstrations. However, in case of brand extensions it is believed to attract consumer trials relatively easily. The responses of interviewees to this notion were as follows.

"As earlier on discussed we witnessed a transformation from prescription to non prescribed consumer goods. Therefore, initially we introduced some road shows for inducing trials by publicly demonstrating the benefits of Z-Jans Sweetner brand extensions as part of our launching campaign for Z-Jans Sweetner and Smartee. Later on we witnessed greater consumer trials even in the first week of subsequent product extensions such as Z-Jans antiseptic soap and Saltast as consumers and institutions such as hotels and restaurants had become familiar with our tried and tested brand name and purchased the product quickly because of the increased awareness of the core brand" (Farhad Brand Manager Consumer Division at Z-Jans).

"Yes with the good word of mouth, we try new things and name them 'limited edition' and internally we call it pilot. We promise with customer that they will never find products if they will not reach us in a certain time window. An later on if we see the demand and desire from customers through survey and feedback on post purchase behavior we decide to have those products in the range with different outlook." (Muhammad Ismail, Chen One).

"We have distribution channel which is indeed very helpful in trial inducement. Since, our products are so well sought after that sometimes it is not a matter of inducing trials but rather meeting retailer demands for big orders." (Aziz Anwar, Marketing manager HFL).

"Our Television channels are aired free of cost and provide round the clock transmission. We have great speed, coverage and extensive presence all over country. Similarly, our web newspaper is also free of cost and revenues are driven from sponsorships. Further, our

consumer brands are cheap vis-à-vis competition so they induce greater trials backed up by our strong legacy brand name Lakson Group. "(General Manager Ghaffar Khan, Lakson Group)

"More than anything else it is the endorsement and testimonials from renowned celebrities and our brand ambassador who plays a crucial role in inducing greater trials. For example in 1983 Servis brand ambassador was the legendary Squash player Jansher Khan (World Champion 12 times). Similarly, Javed Miandad, and recently Shahid Afridi have a great impact on consumers. "(Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

A theme generated from the empirical data of Z-Jans and Chen One is that both enjoy easy consumer trials for their new introductions. However, Z-Jans did not enjoy the same acceptability during its early days. The same notion is also supported by Pitta and Prevel Katsansis (1995) that a renowned parent brand gives the extension to attain higher than normal rate of trials. Ambler and Styles (1997) further confirms the idea that trials induced by brand extensions is greater than a new product as the consumer see the parent brand as a guarantee for the product in itself. The empirical data from respondent at HFL states that for seasoned products greater trial inducement requires a widespread distribution network. Lakson Group is following aggressive sales promotion by free of cost transmission of its TV channels as well as electronic newspaper over the web. For Servis more than anything it is their brand identity and prestige which is endorsed by key opinion leaders such as sport stars and artists.

The interviewees were asked as to how their company has benefited from success of strong brand equity by means of extensions? They responded as follows.

"Due to the successful track record of Z-Jans as a brand has helped the company in transferring its positive brand associations to form a favourable image for its extensions in the minds of consumers. We have achieved our objective of preserving or increasing our market share for pharmacy products which implicitly means that we were able to retain our old customers and attract new prospects for brand extensions. With Z-Jans competing internationally has further strengthened the belief of Z-Jans as a reliable and credible brand name"(Farhad Brand Manager Consumer Division at Z-Jans).

"Well our name in home textiles is still driving our name in market. And we know by the passage of time that some products are "Bread" and some are "butter" for us. So we always take a lead in home textiles as compare to the competitors even though we don't have best profit margins. Because the product mix allows us."(Muhammad Ismail, Chen One).

"Simply, by extending the strong parent brand even further." (Aziz Anwar, Marketing manager HFL).

"Our brand equity is well recognized as Karachi Stock Exchange (KSE) has conferred the Best performance Award (2005) for its recognition as top performing business group. This speaks volumes about the value of brand equity. "(General Manager Ghaffar Khan, Lakson Group)

"As part of our relational capital we have developed a mixture of spurious loyalist, who purchases our brand extensions regardless of situational constraints."(Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

A theme generated from the above observations lead us to the idea that brand equity of an established and long standing brand can be used for creating instantaneous awareness of extensions (Pitta and Prevel Katsanis 1995). Haleeb Foods Limited (HFL), Chen One and Z-Jans are no exceptions in this regard. In the same manner Lakson Group is benefitting by having a pool of trustful shareholders as its internal customers and in Servis as a brand has developed a permanent spot in the minds of its customer base.

According to the Boston consultant group (BCG) matrix also known as Growth share matrix a company's products or brands can be categorized as question marks, stars, cash cows and dogs depending on the market share and growth dimensions (Kotler). With the passage of time and that too in consistently changing business environment companies are compelled to restructure their brand portfolio for coping with these changes. Brand extensions and re-launching a brand are two commonly used methods in this respect. When asked as to how the companies are trying to preserve their market share in a changing business environment. The interviewees responded in the following manner.

"In an effort to preserve our market share Z-Jans launched new brand extensions which had help its core prescription drugs category products as well. The shift towards consumer products can be viewed as a re-launching strategy for Z-Jans brand overall. It is interesting to note that due to involvement in brand extension activities Z-Jans has been able to revitalize its image as brand. As a result even the sales for the old products have shown improvement in terms of market share"(Farhad Brand Manager Consumer Division at Z-Jans).

" We try to do extensions well in time to cope with the competition and our range now is more comprehensive than other competitors, so we are far better solution for families where every family member feel like spending their time. "(Muhammad Ismail, Chen One).

"We are highly responsive to any changes in external environment. When a market segment becomes saturated we try to find another one. Another method is that when the competition is heightened we raise our quality standards even further. For examples HFL has the distinction of being the foremost Pakistani company to use innovative packaging designs of Tetra Pak, Tetra Brick Aseptic (TBA) and Tetra Fini Aseptic (TFA). "(Aziz Anwar, Marketing manager HFL).

"One of the strategies the group follows is developing a partnering relationship with multinationals such as McDonalds, TiTans, Philip Morris Group and many others. "(General Manager Ghaffar Khan, Lakson Group)

"By finding out new markets for our brands and strengthening our brand portfolio through partnering with reputable international brands."(Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

A common theme generated from the above responses is that both Chen One and Z-Jans are practicing brand extensions so as to cope with the ever changing business environment conditions. This is in agreement with Kapferer (2001) who reiterates that in an ever changing business environment it sometimes becomes mandatory to rebrand. This is mainly carried out through extension of brands or re-launching a brand so as to refresh the image in the mind of consumers. As far as HFL is concerned the empirical data from the respondent reveals that when the competition intensifies then they raise their quality standards for differentiation so as to preserve or increase their market share. The final two interviewees from (Lakson and Servis)

were similar in opinion as they believe that their foreign linkages or partnerships serve as a value addition to their overall brand power in the local markets.

Sometimes a change in top management can trigger the process of new brand extensions (Kapferer, 2001). The responses for this statement were as:

“Actually, this may be true in case of professionally managed firms (PMF) but our concern is a family managed firm (FMF). I reckon the launch of a new brand extension has got to do something more with the strong R&D background. Competency in R&D can ignite a chain reaction for coming up with innovative extensions. For example 3M has distinctive competencies in research and development. In our concern we are lucky enough to have a leader who takes keen interest in affairs of research and development. It wouldn't be wrong to say that Smartee Plus which happens to be a star for Z-Jans was a brainchild of our charismatic leader”(Farhad Brand Manager Consumer Division at Z-Jans).

“We are quite open and decisions are taken as a team this is all I can say”. (Muhammad Ismail, Chen One).

“Sometimes it can be true but depends to a greater extent on time of leadership change. We can say that a successful leader is like a winning captain in a game.” (Aziz Anwar, Marketing manager HFL).

“Lakson Group is blend of companies which are part of a larger family, who are empowered to operate their individual businesses. However, the companies help each other and solutions are supposed to come from somewhere in the Group. ”(General Manager Ghaffar Khan, Lakson Group)

“We have institutionalized leadership at Servis and we do not import our leaders from outside. I think leadership change does have an impact.”(Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

The themes generated here from the empirical data of the three first respondents is somewhat in contradiction to theory, which states that a change in company's leadership or management can act as initiators for brand extensions (Kapferer, 2001). On the other hand Lakson have institutionalized their leadership path within the company. Whereas, service is also very rigid in saying that we do not encourage abrupt changes in the top management structure neither we want anyone to become indispensable.

The interviewees were asked as to how they try to safeguard against competitors from entering to their market segments. The respondents replied in the following manner.

“Due to intense local competition in our core product category we decided to enter into the consumer product category and position our brand extensions as pioneers as far as Pakistan is concerned. As a result of this strategy we are now at a competitive advantage as we have achieved the first mover advantage in this category. It is important to do competitive scanning or run competitive intelligence program so as to safeguard against competitors actions. However, you might be wonderstruck to know that we do not have any direct competitors from local market in the consumer products category. The only competitors are multinationals like Kane from Canada and Candrell who are not so much active in Pakistan market.”(Farhad Brand Manager, Consumer Division at Z-Jans).

"It is in fact other way, to me we are increasing the number of competitor by doing it. Also some time I personally feel that we are also leaving an example to our competitors that they should also extend their range. So I think things are otherwise. "(Muhammad Ismail, Chen One).

"We have a very extensive cool chain or distribution network. We offer great sales promotion incentives to retailers in the form of refrigerators (POP/POS) free of cost and make sure that only our products are kept in those refrigerators. In return we can bargain for suitable shelf space mostly behind or in front of the counter. Above all, our unique selling proposition (USP Sab se ghaara dood Haleeb) is very catchy and generates brand loyalty. New companies come and do well initially but in the long run we are always the winner. Even seasoned companies like Nestle (Milk Pak) have failed before us."(Aziz Anwar, Marketing manager HFL).

" We pursue a diversification strategy but entering into new market segments while strengthening our existing brand by partnering with a range of foreign companies such as Tetley Tea, Colgate-Palmolive, Kraft Foods, TiTans, Philip Morris Group and many others. "(General Manager Ghaffar Khan, Lakson Group)

"By introducing new and unique market laden products and through partnership with international brands to induce positive country of origin effects. We also try to create emotional, price, and incentivized loyalty" (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

Z-Jans seems to be in conformance with presented by Randall (1997) who state that one of the motivations behind brand extensions is to forestall competitors by targeting a market niche. As one of the reasons which prompt companies to do brand extension is to extend in a market niche and then try to prevent competitors from entering by competing from a position of strength (Randall, 1997). On the other hand Chen One seems to have a totally different perspective, which in a way is pretty interesting and thought provoking. As far as HFL is concerned the empirical data reveals that good dealer or retailer relationships can be a source to barrier for competitors in a specific category. Lakson group and Servis strengthen its brands stature by borrowing brand reinforcement through partnerships with top notch foreign owned brands.

According to Randall (2000) technology expertise transfer to a new product is sometimes a motivation behind brand extensions. When the interviewees were asked as to how their companies have transferred expertise and know how to new brand extensions? They answered as follows

"Knowledge and expertise transfer has been mainly through our existing research and development wing. This wing comprise of laboratories and scientists working over products in the pipeline. In case Z-Jans lack expertise then it buys the technology or takes licensing from another company for producing a product. It is reasonable to say that so far it is our R&D wing which is catering for the demands of both the product lines i.e. pharmacy and consumer division"(Farhad Brand Manager Consumer Division at Z-Jans).

"First we have to understand that we diversified at the same time while extended. This diversification was initially in related fields but in recent years we entered into new products ranges where the expertise were not that much at that time. So we cannot generalize. But in Textiles and Apparels we used the same in house facilities mostly, and almost same sub supplier's matrix."(Muhammad Ismail, Chen One).

"Our biggest enemy is Perishability so this is what we tried to overcome with our technological expertise for longer shelf life. Now we are able to increase the life time of our products to more than 45 days and I think this is where we benefited a lot. Tetra Brick Aspetic (TBA) coupled with (UHT) Ultra-High-Temperature processing allows us package and store foods under room temperature for a year However, the utilities of these technologies were utilized by public when we launched some primary and secondary brand advertisements."(Aziz Anwar, Marketing manager HFL).

"We at Lakson believe in open innovation with the only exception that our first priority is to draw solutions from one of our 12 twelve companies. Since, knowledge is widely distributed, so we look towards buying patents from other companies as well. On the other hand internal inventions not used by us are sold outside through licensing, joint ventures. As far as brand extensions are concerned we have benefited from increased availability and mobility our skillful employees."(General Manager Ghaffar Khan, Lakson Group)

"We are a learning organization and believe in open innovation as we are involved in manufacturing for our international partners." (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

The theme generated from Z-Jans is according to theory as its brand extensions are more technology oriented. Whereas, Chen One is a retail service provider so its focus is on suppliers mainly. Whereas, theory states that transferring expertise and know how, are sometimes main motivations for launching a brand extension (Ambler and Styles 1997). Whereas, the empirical data generated from respondent at HFL states that superior packaging technologies can be of expertise transfer when it comes to edible items. At Lakson group and service mainly open innovation is sought after with the exception that these companies first try to find the solution internally within their various businesses.

4.3 Pros and Cons of Brand Extension Strategy

Brand extension is known to be more beneficial than new product launching. Please exemplify with respect to consumer know how of parent brand?

"At Z-Jans our marketing effort for our brand extensions initially emphasized on how we can make customers more knowledgeable about brand extensions. We had to educate the consumer in a step by step process through creation of awareness, then it took some while for consumers to comprehend our products and form some favourable attitude towards our brand. Then afterwards they went for trial and later on adopted the brand. This is for us was indeed a costly proposition"(Farhad Brand Manager Consumer Division at Z-Jans).

"At Chen One we target elite customers who come from the fortunate strata of population who have acquired good grooming and know much about life styles as we proclaim at Chen One Changing Lifestyles"(Muhammad Ismail, Chen One).

"The word Haleeb in our local dialect means "Heaven Milk" which indeed is easy to comprehend and very catchy for customers. This coupled with our proven unique selling proposition of "thickest" milk has helped us come all the way from a very small company to the largest dairy food company in Pakistan. This brand name has helped us in extending as Haleeb enjoys excellent reputation."(Aziz Anwar, Marketing manager HFL).

“At Lakson Group our new brand extensions help us identify reasonable new possible possibilities as well as minimize the risks given the already established awareness and trust.”(General Manager Ghaffar Khan, Lakson Group)

“From our experience with Servis Group we have come to know from that new product launching is more prone to failure. In this regard our Servaid pharmacies confirms that brand extensions experience consumer pull which is vital for success in contrast to push factors which are to created for new products. ” (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

The themes generated from Chen One and Z-Jans are in line with the arguments put forth by Taylor (2004) who state that if a brand is a seasoned one and consumer are having a good image of it then this situation is ripe and ready for new brand extension. The only thing left is to communicate the specific benefits of brand extension. On the hard hand the empirical evidence generated from respondents at HFL reveals that a good parent brand “name ” coupled with good consistent quality delivery can lead to success of brand extension. According to Servis the empirical evidence elucidate the fact that new stretches increases the likelihood of attaining success because of strong pull generating capabilities. Accordingly Lakson Group also capitalizes on brand extensions for exploring new market driven opportunities.

As a benefit of brand extension how can a company benefit from consumer trust when it comes to brand extensions?

"At Z-Jans we have an unwavering focus on customer and are willing to take confidence building measures for increasing customer and professional confidence. For this we participate in scientific conferences and trade shows for seeking endorsement from experts which in turn makes us credible in the eyes of consumers"(Farhad Brand Manager Consumer Division at Z-Jans).

"We at Chen One try to create a family kind of relationship through our Happy family concept. We show our willingness to accept returns from customers with a smiling face which help us create a positive emotional account with customers"(Muhammad Ismail, Chen One).

"We at Haleeb consider customers as our kith and kins and our slogan, " Haleeb Brings You The Best" exemplifies our intention for a healthy customer life. We avoid any trust deficit and try to gain customer confidence no matter what is the cost. But more than trust customer satisfaction matters because only satisfied customers can trust us."(Aziz Anwar, Marketing manager HFL).

“Lakson brands have for more than five decades have provided consumers the assurance that the brands they purchase are trustworthy. I believe we have gone one step ahead of trust by building confidence which is a function of strong proven evidence, unlike trust which is a function of limited evidence. ”(General Manager Ghaffar Khan, Lakson Group)

“We at Servis have developed a great trust with customers by manufacturing specifically tailored footwear to their special needs, such as shoes for flat footed, physically challenged, ergonomically correct work wear and sportswear shoes. Further we are operating Servaid pharmacies as a social imperative and make sure to work towards customer benevolence.” (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

The theme generated from the above empirical data generated from Chen One, Z-Jans and HFL is in agreement with the survey conducted by Brandgym (2003) who argue that in the UK almost 58 % of customers have a tendency to try a brand extensions arising out of a seasoned brand. Servis and Lakson groups propagated during the early years of our independence and have seamlessly stood fast in predictably, unpredictable circumstances for earning trust of target customers. In addition Taylor (2004) also confirm the same idea that consumers would be tempted to try brand extensions as there is an implicit pact between the parent brand and consumers.

It is well known that brand extensions are helpful in quickly diffusing products by more consumer and retailers trials (Aaker, 2004). When ask as to how have your company benefited in terms of consumer trials and visibility of products.

"With more media spending we are receiving more trials for our products. Through our good performance we receive good response from retailers who accept our products readily and sometimes place us in highly visible shelves or in aisles of the store."(Farhad Brand Manager, Consumer Division at Z-Jans).

"At Chen One we experience greater trials as we have a loyal customer base who give us repeated business and we are happy that they try our extensions every time"(Muhammad Ismail, Chen One).

"Our products are readily accepted both by retailers and consumer as we deal in necessities. We believe and experience only demand pull and we never try to push our products down the supply chain."(Aziz Anwar, Marketing Manager, HFL).

"We experience a favourable response from middlemen through courtesy of our diversified brand portfolio and extensive distribution network. This leads us to greater consumer trials and adoption."(General Manager Ghaffar Khan, Lakson Group)

"Normally we launch our brand extensions on a yearly basis during the month of Ramadan before Eid festival (Something like Christmas). This is high time as almost every single person is looking to buy a new pair of shoes for this festival. We also run aggressive in-store and media campaigns over television." (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

Again we can deduce that Z-Jans is in agreement with Taylor (2004) who argues that brand extensions are instrumental in creating greater consumer trials in terms of cost. He further argues that consumer trials in terms of costs are 36 % lesser and the likelihood of repurchase is also high when comparing to new products. According to Aaker (2004) a brand extension can enhance the visibility of the brand as and when brand appears in other product categories serve as brand building mechanism. However, the empirical data from HFL and Lakson group contradicts theory as they state that seasoned companies like Haleeb do not need to consider consumer trials as their brand extensions when launched experience instantaneous ready demand pull from the retailers which creates second order effects for the final consumer due to greater in store visibility of our brands (Paul Benyon, 2009). Servis and Chen One have their own retail chains where they benefit from creative store servicescape and by Lunching brand extensions to take advantage of rituals and sacred consumption occasions such as Eid and Christmas (Solomon, 2003).

For products after achieving success becomes weaker and sometimes needs to be re-launched, reposition or extended so that image of the brand can be refreshed. When asked did your company extensions resulted in refreshing your parent brand image in some way? The respondents replied as

"AT Z-Jans we did experience a revitalized brand image for our core brand category as a result of involvement in brand extensions."(Farhad Brand Manager, Consumer Division at Z-Jans).

"We at Chen One follow the same name and believe that it is still young and there is no need for revitalization at the moment"(Muhammad Ismail, Chen One).

"We use a combination of Haleeb with other brand names. The reason is that we do not want the word Haleeb to become a verb (Xeroxing) or cliché. ."(Aziz Anwar, Marketing Manager, HFL).

"Previously we the name Lakson group was primarily known for its expertise in tobacco manufacturer. Nowadays target audience recall us for our presence in print media newspapers and Express News Television."(General Manager Ghaffar Khan, Lakson Group)

"We believe in periodic and well considered refreshing of our brands through product package and materials and features design which appeal to the new generation. An example is the new look of Servis Cheetah shoes which was launched in 1983 and still a bestseller for us." (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

This theme generated from Chen One, Servis, Lakson and Z-Jans empirical evidence is in agreement with theory because after successful growth and revenues for the company a brand becomes weaker with the passage of time. Therefore it needs to be revitalized by some way, and brand extension is the best way to revitalize an aging brand. Therefore brand extension serves as a source of energy to the brand as it increases the exposure of consumers to greater promotional messages (Keller, 1999). A brand extension can also serve as a defensive strategy to keep rival firms away entering into a specific market segment. This strategy is sometimes appropriate when the extension might struggle initially. But the advantage lies in keeping the competitors away from the market segment (Aaker 2004). Again the theme generated from HFL is in contradiction with Chen One and Z-Jans as they use different combination of names for new brand extensions so as to avoid Haleeb lose meaning by being used too much or by becoming a verb.

A pleasant experience with a brand can generate positive Word of Mouth and vice versa. When asked do you as a brand manager think that as a disadvantage a brand extension can dilute a parent brand name through reciprocity effect.

"At Z-Jans we have not so far witnessed any dilution but i would say that we should be careful in dealing with retailers. Sometimes distributors throw products at retailer door step so that dilutes your image. We must take care of our customers"(Farhad Brand Manager Consumer Division at Z-Jans).

"We at Chen One avoid any unpleasant situation no matter what is the cost. We can say that any good experience would reciprocate in terms of more profits and vice versa"(Muhammad Ismail, Chen One).

"It has never been the case at HFL you may think it is self proclaimed but honestly speaking this is true."(Aziz Anwar, Marketing manager HFL).

“Failure is a word unknown to us and forget about dilution. Even if it occurs through sheer bad luck we can avoid as we are having the leading print and televisions in our portfolio of products.” (General Manager Ghaffar Khan, Lakson Group)

“This is very good questions and there is a great potential of dilution in our Servaid line of pharmacies. At Servaid we have authentic procurement channels and follow impeccable quality mechanisms.” (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

Haleeb and Z-Jans are rather in contradiction when it comes to brand extensions as they talk of avoiding dilution any cost. According to Loken, B., John, Deborah Reodder, (1993) there are situations in which brand extensions are more or less likely to dilute brand beliefs associated with the family brand name. Sometimes a brand extension can tarnish the image of parent brands especially in the case where current customers are not satisfied with the brand extension then they engage in negative word of mouth which is indeed has very bad consequences for brands (Henrik Sjodin 2007). Chen One, and service also proclaim that they do not experience and as such dilution. However, Servis group is cautious in terms of procuring life saving drugs for its Servaid line of pharmacies which is a good sign for their brands extensions.

Making too many extensions can make the brand lose its exclusivity or selectivity (Aaker, 2004). In this relation a question was put up as to what is your opinion about brand extension lowering credibility of parent brand?

“At Z-Jans we believe that extensions can help a company grow and there can be number less extensions. We believe that in Pakistan if the price is cheap then no matter what the quality is it would be accepted by one or other income group where majority of the people are living below the poverty line” (Farhad Brand Manager Consumer Division at Z-Jans).

“At Chen One we are rather careful when extending in unrelated product categories”. (Muhammad Ismail, Chen One).

“Our experience with brand and line extension is overwhelming and we would continue with extending as long as we are successful.” (Aziz Anwar, Marketing manager HFL).

“Lakson Group has now more than fifteen branded companies in Pakistan with annual turnover more than \$410 Million annually. This demonstrates our proven record for the past five decades in selecting the right markets and opportunities and then launching the right brand extensions.” (General Manager Ghaffar Khan, Lakson Group)

“I think we are dealing in fashion industry predominantly, where consumer preferences changes very quickly so we have to launch even more extensions. (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

The theme generated from Chen One goes in harmony with that of theory as sometimes the associations created by a new product extension can create confusion in the image of key brand capitals, and result in lowering the trustworthiness. So, greater care needs to be given while extending a brand (Aaker, 2004). But after taking into account Servis it becomes evident that in the fashion sector like it or not! Extensions are inevitable. As far as Z-Jans, Lakson and Haleeb are concerned the idea extracted from the empirical data is quite in contrast with the established beliefs. It is in a way very interesting to note that in a price sensitive nature of a market can

challenge some beliefs of brand extensions. However, we also argue that too much of a good thing is sometimes dangerous and same is true for new brand extensions.

Another important disadvantage related to brand extensions is cannibalization or the degree to which one product customers are created at the expense of other brands offered by the same firm. This phenomenon is known as cannibalization effect. When asked the question is, Do you witness cannibalization of sales for your products due to brand extensions?

"We believe any input is good input no matter from which product category it comes from. Maybe it has got to something with the type of industry"(Farhad Brand Manager Consumer Division at Z-Jans).

"Yes, at Chen One we witness a lot of cannibalization of sales due to the nature of business which is fashion oriented and thus we witness cannibalization of sales when an improved version of a dress is launched to market"(Muhammad Ismail, Chen One).

"The nature of our business is such that anything which goes around comes around and we are glad with this pattern. However, in our case cannibalization is more a matter of seasonal or weather changes."(Aziz Anwar, Marketing manager, HFL).

"Cannibalization may take place within our Lakson Group, between businesses or across our industries but not before we embark on e-commerce initiative. For instance our growth rate for paper newspaper has decreased due to many reasons such as low coverage due to prevailing law and order situations and our subscription free presence of the same newspaper online over the World Wide Web." (General Manager Ghaffar Khan, Lakson Group)

"We do not experience cannibalization as such; rather we experience greater demand levels for our new arrivals." (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

The theme generated from Z-Jans and Servis is somewhat different from theory. On the other hand the theme generated from empirical data of Chen One and Haleeb confirms theory as they are witnessing cannibalization in certain product categories in some periods of time. The degree of cannibalization would be greater (a) for those extensions which are relatively more successful in a new brand category, and (b) from consumers view point, for those brand extensions which have higher degree of similarity with parent brands (Sharp 1993; Farquhar 1990). Even brands with higher brand equity may not succeed at times. This can lead to the following feelings for parent brand, (a) that the customers may get the impression that the extension is not increasing the value of product; (b) It is merely a manipulation strategy for increasing prices (Aaker & Keller 1990). The most interesting idea was extracted from Lakson group that in emerging economies like Pakistan cannibalization is rather uncommon as it has got to do with the use of e-commerce and plastic money.

4.4 Successful Brand Extensions

Another important dimension concerning brand extensions is the concept of fit. When asked as to how as a brand manager would you define a successful brand extension in terms of *fit between parent brand and the extension?* The answers were as follows

"In my opinion a successful brand extension takes place when the parent brand and extension is related to the same concept and there exists a fit between the core and extension brand. In fact

the most important factor is that extension brand has a strong resemblance to principles of the parent brand. For example Z-Jans stands for zealous for quality, joining hand with community, active to prove, nation as priority and serving the ailing"(Farhad Brand Manager Consumer Division at Z-Jans).

"From my point of view we first started with a perfect fit which was textile and Apparels but one has to understand that at one point in time 6 years ago we have to provide more solutions to customers to have "Happy Family" concept. So moving towards this slogan we had to take new initiatives which were in one sense not fit for extension but to us and for our objectives these are must. "(Muhammad Ismail, Chen One).

"Almost all of our brand and line extensions are perishable so as a result higher level of similarity and therefore higher level of success."(Aziz Anwar, Marketing manager HFL).

"It depends to a large extent on the stretch-ability of the parent brand. We conduct marketing research to know the level of fit and if results are positive we take leverage of parent brand by extending it." (General Manager Ghaffar Khan, Lakson Group)

" It has got to do with dominant associations of our parent brand Servis in relation to the new associations of brand-stretch and the communication schemes used to launch a brand extension. " (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

A common theme generated from respondents of Chen One, Haleeb and Z-Jans is that these companies are in agreement with Grime et al (2000) who state that the most positive consumer responses for a brand extension can be achieved when there is a higher level of similarity and consistency in concepts of parent brand and extension. As far as the concept of fit is concerned, Glyn and Brodie (1998) state that a crucial characteristic to success is to know as to how customers perception of the new and old product categories have changed as well as how positive associations have been transferred to the extension. The responses from Lakson group and Servis reveal that the fit decision should be made by conducting some marketing research about brand stretch-ability and supportive associations created by the extension.

The most often cited dimension of the concept of fit is similarity meaning how much similarity exist in the current and new product categories when it comes to features, attributes and utilities. Higher similarity translates into greater number of positive attitudes towards the brand extension (Grime et al 2002). A question connected to this was asked from the interviewees.

"Well I reckon greater the similarity between the two the greater will be the transfer of positive brand associations for the extension. For example, our two recent most extensions e.g. Z-Jans antiseptic soap and Saltast enjoyed greater similarity with our existing consumer products therefore we have witnessed greater transfer of brand associations to these extensions as a result they were accepted fairly quickly by consumers as well as retailers. In contrary, our initial experience with Z-Jans sweetener and Smartee plus lacked such similarity so it took us a while to form our own brand associations with consumers so as to become successful."(Farhad Brand Manager, Consumer Division at Z-Jans).

"Well I think that my previous answer hold true for this question also." (Muhammad Ismail, Chen One).

"In our example we deal in dairy, juices and UHT processed milk categories. These categories are very much similar as they are all edible and perishable."(Aziz Anwar, Marketing manager, HFL).

"In my opinion this is true generally but it is not a must. It depends on the reputation of the company or parent brand. Here I mean to say from Pakistani point of view." (General Manager Ghaffar Khan, Lakson Group)

" There is a high level of similarity in our brand stretches so far as we are dealing in complementary products such as tyres and tubes for two-wheelers and in footwear sector we deal in sport shoes, formal wear shoes, work wear shoes, child footwear and stylish female shoes. Even Servaid retail chain of pharmacies is similar as we are already the largest retailer chain of footwear in the country. " (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

The theme generated from the empirical data of first three respondents is in agreement to theory (Grime et al, 2002) particularly for Z-Jans and Chen One in general. However, Lakson group state that success in Pakistan is a function of financial soundness. Whereas, Servis group testifies Grime et al, (2002) through success story of their tyre and tube businesses also called companion or captive products.

Another dimension of the concept of fit is brand image similarity also referred to as concept consistency. According to Grime et al (2002), the extent to which an extension is perceived as matching the brand concept is as crucial as the fit between product categories. It is very important that an extension acts as a spokesperson of the whole family brand image (ibid). In this relation when asked as to how you define congruency of the extension with family the interviewees responded as follows.

"It is important that the brand extension image goes in tandem with the parent brand concept to be reckoned as a successful brand extension by consumers".(Farhad Brand Manager Consumer Division at Z-Jans).

"Yes we go for diversification in related products mostly so that the brand name should be strengthening also to make a clear message to customers. Similarity of launching products which we perceive essentials for households gives us a broader horizon in terms of extensions. And we have been successful to launch new products gradually". (Muhammad Ismail, Chen One).

"I believe that our success in brand and line extensions lie in greater level of product image and category similarity. Similarly, all are basic needs, as you know that me and you eat and drink every day."(Aziz Anwar, Marketing manager HFL)

"It is like marriage, the more the similarity the greater the probability of success."(General Manager Ghaffar Khan, Lakson Group)

Servis brands are function-oriented as we offer durable solutions in everything we do. For instance our brand extension into tyre and tube business serves as good example of transferring our unique selling proposition (USP) of durability thus justifying brand concept consistency in this case." (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

The theme generated from empirical data of respondents at Z-Jans, Lakson group and Haleeb in harmony with theory. With Chen One stating that diversification can take place in related and unrelated product categories. In case of Servis they stick to their unique selling proposition of durability so as to impart the same customer experience on consistently, consistent basis.

In addition to this recent research indicates that brand extensions with a good fit would end up in an enrichment of the parent brand and on the other hand a poor fit can end up in diluting the parent brand (Grime et al 2002). Similarly, Glyn & Brodie (1998) argue that an extension is said to be good where parent brand name helps the brand extension and if it enriches the brand name of the core brand then it is considered as ideal extension. When asked as to how would they evaluate a brand extension as enhancement or dilution in a brand extension. The interviewees responded in the following manner

“Primarily it depends on the perception of consumer. I mean to say that how consumer perceptions have changed ever since the introduction of the brand extension. If a fit exists then it enriches the parent brand and in case of a poor fit then it may be seen as tarnishing the core brand. In case of Z-Jans all the brand extensions have contributed towards the enhancement of the parent brand which is evident from its improved performance in terms of sales and market share for the parent brand”(Farhad Brand Manager Consumer Division at Z-Jans).

“It strengthens the business objectives on strategic level and on operational level sometimes it creates a healthy competition. Our idea for brand extension from a home textile company had a twofold objective, (1) sustain the growth in it (2) to fetch new customers. It worked so well that now we are moving towards a family store and we are looking into enormous number of extensions as we can now have more such things which are needed by a family in everyday life. Our product range will get more complex though but objective and goal will be more simplified, that is family store. (Muhammad Ismail, Chen One).

“Simply in terms of independent sales generated by the new extension and vice versa.” (Aziz Anwar, Marketing manager HFL).

“I would say depends on the situation. In Pakistan most companies are interested in market share and sales generated from the brand extension with respect to competitors.”(General Manager Ghaffar Khan, Lakson Group)

“By the demand generated by a specific model of shoes we measure the dilution or enhancement effect of brand extensions. Generally our good experiences (enhancement) are more than bad experiences (dilution). ” (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

Both Chen One and Z-Jans have enriched or say positive experiences so far when it comes to brand extensions. So this is in line with theory and dilution of parent brand has been avoided so far. While HFL, Servis and Lakson Group sees enhancement as increase in sales or demand for parent brand and extension and vice versa which is something peculiar to Pakistani market.

4.4.1 Moderating Factors

The first moderating factor which is obvious in our theoretical model proposed by Grime et al (2002) is quality. Quality can be viewed in different ways depending on the situation and the kind of brand extension activity carried out by a company. To a question as to how as a brand

manager would you define a successful brand extension in terms of core brand quality? The respondents replied as follows.

"This depends to a large extent how you define quality. At Z-Jans we define quality as fitness to purpose. So if there parent brand delivers higher level of quality on a consistent basis and if there is a fit between the two then the probability of success would increase for brand extension. At Z-Jans quality certification of ISO 9001 and 14000 has helped us bundle quality with our pharmacy products and so does is the case with all our subsequent brand extensions"(Farhad Brand Manager Consumer Division at Z-Jans).

"At Chen One we don't talk quality we rather perform it" (Muhammad Ismail, Chen One).

"In terms of quality standards and practices proclaimed by the company. Like Haleeb have international certifications of Hazard Analysis and Critical Control Points (HACCP) in process controls for safe products, ISO 9002 for better quality and ISO 14000 for environment- friendly operations. For further details you can refer to our quality policy on HFL corporate website."(Aziz Anwar, Marketing manager HFL).

"We at Lakson believe that actions speak louder than words. So we deliver cutting edge quality in everything we do."(General Manager Ghaffar Khan, Lakson Group)

"We at Servis have a number of mystery shoppers who visit our retail outlets just to make sure how consumers are being greeted and treated. Our quality of parent brand Servis is evident from the fact that foreign brands u Clark, Hush Puppies, Nike and Adidas have shown faith in our quality practices by signing sole dealership and manufacturing agreements for the country of Green and White."(Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

Z-Jans are a mediocre brand and therefore positioned accordingly, whereas, Chen One is a quality oriented brand and thus prices very high. So the theme generate from these two is in agreement with Pitta and Prevel Katsanis (1995) who state that in case the quality of the parent brand is outstanding then it is worthwhile to share the advantages of the parent brand with the extension. This is very rational approach while carrying out an extension. Furthermore, if high quality of parent brand is accompanied by a higher level of fit between them it is instrumental in gaining positive stance in the minds of prospective consumers (ibid). HFL is a seasoned company and quality oriented as evident from its international certifications. Same like above Lakson has high quality brand extensions. In case of Servis mystery shoppers are employed to keep a check over the efficacy, efficiency and effectiveness of its support staff in retail outlets.

The second moderating factor that we come across in our theoretical model proposed by Grime et al (2002) is *consumer knowledge*. In this relation a question was put up before the interviewees as to how consumer knowledge affects the fit for extensions or say core brand evaluations. Please exemplify? The respondents answered in the following manner.

"Consumers are normally knowledgeable in developed countries and can comprehend products and their applications. If the consumer possesses extensive knowledge then he or she will be in a position to distinguish between the core and brand extension. We are sanguine of the fact that consumer have a favourable and positive image about Z-Jans and its brand extensions. For example in countries like Pakistan majority of the people are photo-literate meaning that if shown a photo of the product then they will be able to recall their positive experiences with a

brand. So throughout our print and media campaigns we have tried to keep this photo-literacy element in mind so as to make consumers knowledgeable about our brands"(Farhad Brand Manager Consumer Division at Z-Jans).

"Our main idea was to extend the brand with the concept of diversify in the similar products initially. Which in a way means that we are targeting the same customers, even though the ultimate consumers were different, the example from home textile to children clothing. The trust from mothers we were having, do have an impact on the other products. If we look back to review our success, we grew gradually by fulfilling the needs of customers with a better quality offer. "(Muhammad Ismail, Chen One).

"Yes it does as for one of our milk brands Candia targeted at upper strata of the population (who are normally highly educated) so they were knowledgeable about our strategy as HFL and Candia of France (Europe's No.1 selling milk) combine together to launch the finest quality milk which is double sterilized and the packaged in food grade plastic bottles which are hundred percent recyclable."(Aziz Anwar, Marketing manager HFL)

"In Pakistan mostly firsthand knowledge is gathered by consumers through Word-of- Mouth as only three percent of the population has access to higher education. For instance, our English TV channel was greatly applauded by the highly educated strata of the population. Whereas, the lesser mortals were totally ignorant of the great job initiative we took in launching our Express English news channel. "(General Manager Ghaffar Khan, Lakson Group)

"Our consumers are knowledgeable about Servis brands. For us consumer knowledge encompasses product knowledge, persuasion knowledge, purchase knowledge and consumption knowledge from view point of customers. We keep a data bank of these dimensions and try to stretch our brands accordingly." (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

Z-Jans approach is innovative and therefore needs further elaboration and can serve as a possible research area. Whereas, Chen one is basically following marketing approach. As far as HFL is concerned it can be argued that the company has different brand extensions for different income groups. The meaning extracted from the above three brand and the final two companies namely Servis and Lakson state that Consumer knowledge creation is a herculean task and may take several years to convey your true product knowledge to your customers as either they are photoliterate or have very primary schooling.

Another question following the same pattern was put forward. Do you believe that using two or more brand names can help succeed a brand extension? The responses elicited were as follows.

"Well I reckon again it depends on the situation. Actually this is rather a prudent two prong strategy and can be useful when the company is not satisfied on the balance of probabilities that a certain brand extensions possess really top notch or say state-of-the-art quality. In such a case using a brand name other than parent brand can help safeguard against image tarnishing of the parent brand via negative word of mouth publicity. In nutshell, dilution of parent brand image can be avoided"(Farhad Brand Manager Consumer Division at Z-Jans).

"There is no one way to success; I don't disagree with you as this usually is a key success factor for FMCG. But we have a same brand name "Chen one" across the board for all our products. "(Muhammad Ismail, Chen One).

"Depends to a large extent on the nature of the product category and quality of extension."(Aziz Anwar, Marketing manager HFL).

"This depends on to a large extent on the importance of the brand stretch for the company and the life cycle of a product category."(General Manager Ghaffar Khan, Lakson Group)

"Yes, we have Liza, Cheetah, Calza and many other brands with different brand names." (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

This is in accordance with the concept put forth by Grime et al. (2002), who argue that using a two-prong brand names strategy for extensions minimizes the impact of poor fit between extension and a parent brand. However, a theme generated from the empirical data at Z-Jans, Haleeb and Chen One is that it largely depends on the nature of product or service and industry or sector of business involved. In addition Lakson Group states that it largely depends on the strategic importance and potential revenue generating ability of a brand extension. Whereas, Servis has a successful track record of using separate brand names for its extension.

Another moderating factor prescribed by Grime et al (2002) is portfolio characteristics. According to Fred R. David (1999) diversification can be concentric, conglomerate and horizontal depending on the nature of the products and the target audiences. To a question as to what is the role of portfolio characteristics in success of a brand extension?

"There are no hard and fast rules for this purpose. Again it depends largely on the situation. Companies normally try not to keep all their eggs in one basket. So they prefer a diversified portfolio. However, the product portfolio should be confined to certain limits. Exceeding that can harm your cause. At Z-Jans we are lucky enough to have separated our pharmacy products from our health care division (consumer products) "(Farhad Brand Manager Consumer Division at Z-Jans).

"We extended in fact to have a strong portfolio to have a better mix of products as lesser products initially were causing a high, a low sale periods which were not helping our business. I will like to compare with grocery retailers where they have less seasonality and most of the items have very stable sales across the year. "(Muhammad Ismail, Chen One).

"At HFL we try to keep our product portfolio simple and according to our core expertise which come from edible items. But we must evaluate our portfolio on ongoing basis."(Aziz Anwar, Marketing manager HFL).

" We try to gradually diversify our product portfolio. Over the past fifty years we are now operating in nine different industries, which I think is good progress and signify consumer trust and our success. "(General Manager Ghaffar Khan, Lakson Group)

"We do not peek our nose everywhere; rather we stick to our limitations and try to keep our product portfolio manageable within certain limits so as to stay consistent in everything we do." (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

In the words of Grime et al (2002) the total number of brands within different categories constitutes a portfolio characteristic. Z-Jans and Servis Group seem to be in line with theory. While Chen One seems to be in contradiction with theory. According to Grime et al (2002) the lesser the number of categories in which the parent brand is involved the greater would be its effect on fit. It is also worth mentioning that the more related the brands are in a portfolio the more would be the force of fit (Grime et al 2002). The theme generated from HFL and Lakson Group also confirms this idea. This notion is also described by Fred R. David (2001) where he argues that concentric diversification as addition of new but related products or services for a company can enhance the odds of success for a company.

Another moderating according to Grime et al (2002) model is a factor which relates to consumer certainty, which means consumer confidence in a brand extension. To a question as to how as a brand manager do you think *consumer certainty* can affect the success of a brand extension? The interviewee's responded as follows.

"Since, we know that consumers are becoming more and more aware of various brands and their effectiveness. Therefore a brand which has constantly met and exceeded consumer expectation would enjoy greater confidence in the mind of consumer and the fit concept would be largely ignored. In contrary if the parent brand has predictably unpredictable history then I think it would be rather harshly evaluated by consumers". (Farhad Brand Manager, Consumer Division, Z-Jans).

"At Chen one we even have good experience even while we added new and unrelated brand extensions in distant categories. This implies consumer certainty "(Muhammad Ismail, Chen One).

"It is true generally but even multinational companies can sometimes disappoint consumers and thus create bad feeling which we ought to avoid at all cost."(Aziz Anwar, Marketing manager HFL).

"We at Lakson Group try to go one step further by taking consumer into confidence through repeated pleasant experiences."(General Manager Ghaffar Khan, Lakson Group)

"I think our track record of more than fifty years is sufficient to convince customers about their shopping experience with Servis brands." (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

The theme generated from empirical data Chen One, Haleeb and Z-Jans agree with theory and argue that consumers put trust in their companies and have accepted their brand extensions. Consumer certainty can be known as the belief of the consumer that the company can sanction an extension that would meet his or her needs accordingly. Since Lakson Group and Servis have successful memories with customers, therefore in such a case, the impact of fit will largely be ignored when the consumer assesses the brand extension as a whole (Grime et al 2002).

To questions related to brand equity which is yet another moderating factor in the model proposed by Grime et al (2002) the respondents answered in the following manner. The questions was constructed as, *"Do you as a brand manager believe that brand equity helps a brand extension succeed through brand loyal consumers?"*

“Brand equity is actually storage of positive experiences of a specific company in the mind of consumers. So a brand with higher levels of quality on a consistently consistent basis would attract consumer easily and help achieve an enduring competitive advantage. However, it depends on the nature of the market and consumers. Some markets are price sensitive and price is the key decision criteria. In some cases even the consumers are willing to pay extra price and thus act as laggards”(Farhad Brand Manager Consumer Division at Z-Jans).

“To create loyalty we have created the concept of Happy family through our loyalty card schemes which offer concessions to loyal customers”(Muhammad Ismail, Chen One).

"This is true in case of our dairy products (impulse brands) such as juices it may not be true as the consumer makes the choice a particular moment of time and according to the available options."(Aziz Anwar, Marketing manager HFL).

"As earlier on said we do not believe in words only. We think that actions speak louder than words. We relentlessly focus on customers and they give us business when they need our products.”(General Manager Ghaffar Khan, Lakson Group)

“It depends on the strength of brand loyalty as well as brand equity. Brand loyalty is the likelihood of consumer staying with our brand extensions as long as considerable price hikes are announced. ” (Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

Z-Jans state that if an extension is carried out in appropriate manner and all other requirements are met then it would lead them to brand loyalty. Whereas, Chen One has created a concept of Happy Family where discounts are given for repeated purchases. We can say Chen One is using some kind of patronage reward system used in hotels or airlines e.g. Frequent flyer services etc. In words of Pitta and Prevel Katsanis (1995) brand equity enhances the likelihood of a brand extension to be purchased by customers who in turn can lead to establishing longstanding brand loyalty and thus serve as a shelter from competitors. The theme generated from empirical data of HFL respondent implies that brand loyalty especially in edibles or staples depend more on availability of the products (distribution channel) than brand equity as decisions are made according to situation and in a spur of a moment some times. Finally, Lakson and Servis are of the opinion that company should put relentless efforts towards creating brand loyalty providing that the pricing is also affordable. Building brand equity is a tedious job but its rewards are very fruitful for companies. To a question asked as, *“From brand managers view point do you believe that brand equity helps in making brand extensions less costly?”. The interviewees responded as.*

“A successful brand can create foundation for subsequent brand extensions less costly due to the brand equity created by the successful brand. This may be particularly helpful in reducing advertising costs for the company. At Z-Jans however, we realized that promotion costs did not reduce much as for health care (consumer products) we were targeting a whole new market segment”(Farhad Brand Manager Consumer Division at Z-Jans).

"Yes this coupled with customer base reduces our costs of new products; we don't usually spend on mega product launches and hefty media campaigns. We don't reach a lot of customers; actually we are conveying the message to the existing strong customer base visiting us. In new places where we recently started new stores are exceptions to the above. "(Muhammad Ismail, Chen One).

"More than brand equity sometimes it is a good distribution channel that makes a brand extension less costly for a company. This is especially true in Pakistan market."(Aziz Anwar, Marketing manager HFL).

"Yes, it is true in case of our media businesses where our daily newspaper helped us stretch into Television channel conveniently as our newspapers had a good reputation among the masses."(General Manager Ghaffar Khan, Lakson Group)

"Yes, of course this should be beyond any doubt for a seasoned company like Service."(Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

The first two companies agree to theory as Z-Jans and Chen One are inclined to utilize brand extensions more than new product launching. This is in complete agreement with Pitta and Prevel Katsanis (1995) who state that the launch of a new brand extension is less costly as the company is trading on established brand name. The theme generated from HFL respondent agrees to Z-Jans and Chen One, but at the same time claims that in domain of Pakistani market there is need for extensive distribution network to cover every nook and corner of the country. This is true as majority of people do not read newspapers (photo literate), FM radios has very limited coverage, TV signals are not reaching 25 percent of area so the only way to introduce your products is through retailers. Since, Servis and Lakson Group are seasoned companies therefore they also testify the above idea with the only exception that companies having a strong foothold in media businesses can even more conveniently launch extensions.

Finally a question relating to positioning as to how as a brand manager do you think that positive image can contribute to positioning strategy of a successful brand extension strategy? The respondents answered in the following manner.

"Yes it is important to have a crystal clear positioning of your brand when compared with your competitors. We have positioned Z-Jans brand extension as high quality but at affordable price. However, this may change as per the demand of the situation. Positioning should be preceded by segmentation and targeting respectively (STP)."(Farhad Brand Manager Consumer Division at Z-Jans).

"From the beginning we had a very clear positioning of our products and later we kept a great focus on it to position the products right, our aim is that we want to see such customers which feel comfortable with each other while shopping at our retail stores. To us, positioning + 4P's give a sound base for extension. Otherwise we might be presenting another product to such customers who are already confused towards our message. "(Muhammad Ismail, Chen One).

"This is very important for a company. A company must fulfill its psychological pacts with consumer to develop a long lasting and favourable image. This is what we have done by delivering on our slogan Haleeb Brings You The Best. Thus it has developed quality oriented positioning for Haleeb."(Aziz Anwar, Marketing manager HFL).

"I believe that positioning is a game which brand managers play nowadays in a me-too market space to capture some mind space of consumers. In order to stay abreast with our good image we sometimes follow reverse positioning for our service brands, breakaway positioning for our packaged brands and stealth positioning for our technology oriented brands at Lakson."(General Manager Ghaffar Khan, Lakson Group)

“It may either enhance or jeopardize the positioning of parent brand given that a successful brand extension has a great impact on the brand beliefs and associations of the parent brand.”
(Mrs. Ayesha Patel Creative Director, Adcom Advertising Agency)

Z-Jans is of the opinion that positioning may change over time and sometime is weak and other times it is strong. For HFL it is important to keep good image as it deals in daily food items. Whereas, Chen One and Servis Group conforms to theory. This is somewhat in line with Pitta and Prevel Katsanis (1995), who argue that a favourable brand image must make a brand positioning stronger in the minds of consumer and serve to differentiate it vis-à-vis competitors. Lakson group has adopted a recent approach towards positioning by considering different positioning strategies for its various products. This created differentiation for Lakson brands extension as a number of companies are churning out *me-too products*.

4.5 Cross analysis of Interviews

In this chapter we compare the interviews conducted for the purpose of finding out similarities and dissimilarities among them. In this analysis we will follow the methodology proposed by Miles and Huberman (1994) which encompasses steps of data reduction through data display process by putting the data in a matrix structure from the various questions.

4.5.1 Rationales for Brand Extensions

In the following table () rationales behind the brand extensions are plotted. In order to represent a response different codes have been used as to which motivations these companies were choosing while stretch their brands. The codes used are as below

Figure 2: Coding for Rational for Brand Extensions (Source: Authors own creation)

Positive (+ve)
Negative (-ve)
More Positive and less Negative (+ve/-ve)
More Negative and less Positive (-ve/ve)
Neither Negative nor Positive (-+/-+)

Table 3: Data Display for the Rational for Brand Extensions

Rationales for Brand extensions	Z-Jans	Chen One	Haleeb	Lakson Group	Servis
<i>Growth and Expansion</i>	+ve	+ve/-ve	+ve	+ve/-ve	+ve
<i>Industry Trends</i>	+ve	+ve	+ve	+ve	+ve
<i>Economic Benefits/investments</i>	-ve	-ve/+ve	+ve	-ve/+ve	+ve
<i>Economies of Scale Concept</i>	+ve	+ve	-ve	+ve/-ve	+ve
<i>Consumer Trials</i>	+ve	+ve	+ve	+ve	+ve
<i>Business Environment</i>	+ve	+ve	+ve	+ve	+ve

<i>Lead from Competitors</i>	+ve	-ve	+ve	+ve	+ve
<i>Transfer of expertise & Knowledge</i>	+ve	+ve/-ve	ve/+ve	-ve/+ve	-ve

Source: Authors own creation

As far as *growth and expansion* are concerned all the companies have witnessed growth in one form or the other. Z-Jans are of the opine that as a small and relatively less known company their brand extensions have help them generate greater sales even for their parent products. For Chen One brand extensions serve the purpose of reversing declining sales of their maturing products. HFL through its expansionist stance is growing heaps and bounds courtesy of their brand extensions. For Lakson group growth is not the ultimate objective as they are operating in multiple industries rather it is customer satisfaction which is at the forefront of their businesses. Finally, Servis is experiencing growth in a spillover effect manner from their brand extensions.

With respect to keeping pace with *industry trends* in terms of satisfying wants, needs and demands of target customers all the five companies are eager to come up with brand extensions which satisfy industry trends in general and customer wants needs and demands in particular. With regards to benefits in terms of *reduced investments*, Z-Jans as a small and relatively less known company did not benefit much in terms through awareness of parent brand via its brand extensions. Chen One has benefited by decreasing their overheads costs by bringing more variety to their stores. HFL is rather innovative in utilizing idle capacity through extending their brand in seasonal products such as juices thus reducing their overall costs. Since Lakson group is operational in multiple industries so they do not reap any benefits in tangible assets, rather they are benefiting through knowledge workers. Finally Servis is experiencing a positive return on investment due to its brand extensions.

As far as *economies of scale* Z-Jans is experiencing economies of scale in terms of lower promotion, R&D and per unit production costs. Chen One on the other hand is not so much benefiting as it various products are produced in different locations. However, HFL is a dairy product company and in such industries achieving economies of scale is difficult as HFL production is dependent upon its suppliers. Lakson group has benefited in terms of lower economies of scale but since it is operating in multiple sectors therefore the overall impact is not so visible. Finally, Servis is also experiencing benefits of mass products by extending into companion products such as tyre and tubes for two-wheelers. In terms of inducing *greater consumer trials* through brand extensions it has been observed in all the five companies that due to brand extensions they their products have become more visible and hence more market presence resulting in greater number of trials. The only exception lies in the case of HFL, which is experiencing more trials because of extensive distribution network.

In a *changing business environment* companies try to preserve their market share through various techniques. One of these techniques used by all the five companies is brand extension. Z-Jans through its brand extensions have been able to reverse their shrinking market share in its parent brand. Chen One is making its product line more diversified so as to appeal to more customer segments. HFL continuously upgrades its technological expertise so as to cope up changing quality requirements. Finally, Lakson group and Servis try to attract new market segments by forming alliances with well known foreign brands. The companies chosen try to steal *lead from competitors* so to attain competitive advantage via their brand extensions. Z-Jans have achieved a first mover advantage courtesy of its brand extension into low or no calorie sweeteners in

Pakistan. Chen One is in contradiction to theory as it has a different perspective that through our extensions we are compelling market followers to enter to these new categories. In case of HFL, their innovative below-the-line (BTL) sales promotions have created a fixed spot for their products in every retail outlet thus reducing retail space for competitors. Whereas, the final two companies namely Lakson group and Servis try to exterminate competitors by joining hands with foreign brands through strategic partnerships. Finally *transfer of expertise and knowledge* to brand extension is handy during brand extensions as it utilizes existing skills. In this relation Z-Jans is following open innovation. Chen One does not realize any such benefits as its line of business is more dependent on suppliers. HFL tries to overcome their perishability issues via primary and secondary brand advertisements and by purchasing state-of-the-art technologies and equipment. Lakson Group and Servis as learning organizations believe in open innovation. However, ideally they would like the knowledge for solutions to come from inside the company.

4.5.2 Pros and Cons of Brand Extensions:

In the following table (4) the responses from the five companies in terms of pros and cons of brand extensions have been plotted. The sequence of questions is kept the same as was there in the process of interviews with the interviewees.

Table 4: Pros and Cons of Brand Extensions

Pros and Cons of Brand Extensions	Z-Jans	Chen One	Haleeb	Lakson	Servis
<i>Benefits in Terms of Consumer Knowledge</i>	-ve	+ve	+ve	+ve	+ve
<i>Benefit in Terms of Consumer Trust</i>	+ve	+ve	+ve	+ve/-ve	+ve
<i>Benefits in Consumer Trials</i>	+ve/-ve	+ve	+ve	+ve	+ve
<i>Benefits in Terms of refreshing Parent Brand</i>	+ve	-ve	-ve	+ve	+ve
<i>Dilution of Parent Brand</i>	-ve	-ve	-ve	-ve	-ve/+ve
<i>Lowering Credibility of Parent Brand</i>	-ve	-ve/+ve	-ve	-ve	-ve
<i>Cannibalization of Parent Brand Sales</i>	-ve	+ve	-ve/+ve	-ve/+ve	-ve

Source: Authors own creation

In terms of *Consumer knowledge* of parent brand the companies respondents were mostly positive except for Z-Jans who are of the opinion that since they are a relatively young and small company therefore they have not yet experienced substantial benefits in this regards. This sound very true as the rest of four companies namely, Chen One, Lakson Group, Haleeb, and Service are larger well renowned business and have been operational for a number of years.

When it comes to *consumer trust* brand extensions, Z-Jans is keen to take confidence building measures like attending scientific shows and conferences. Chen One tries to build trust through providence of a family kind of business experience. Similarly HFL treat customers as their kith and kins and stresses on customer satisfaction for enduring relationships. As far Lakson Group is concerned their approach towards trust is different in way that they believe in customer confidence more than customer trust. This is explained in a way that customer trust is a function of limited evidence and customer confidence is superior as it is a product of proven evidences or track record. Finally, service has been able to build favourable trust via its brands by fulfilling the needs of physically challenged persons and aspires to develop benevolence for customers, meaning that they will never exploit the customer by acting opportunistically.

When it comes to *greater consumer trials* for brand extensions almost all the companies have favourable experiences. The only difference is evident in Z-Jans who being a small company are progressively feeling the effects of greater acceptance from retailers and end users as time passes.

As far as refreshing or revitalizing parent brand image is concerned Z-Jans has experience a refreshing effect of its parent pharmacy wing with the level of sales increasing. While Chen One desires to maintain the same image as they believe that their business is still in the infancy stages and need not any revitalizing. HFL tries to avoid their brand name becoming a cliché or a verb and therefore uses a combination of names for its brand extensions. Lakson and Servis have felt a positive and refreshing change of brand image.

With reference to *dilution* of parent brand as a result of brand extensions almost all the companies denied the fact that they have witnessed any image tarnishing due to their brand extension. This is quite interesting observation as everyone seems satisfied to extent of complacency, which is rather common in countries like Pakistan. However, Servis group is more careful in its Servaid line of pharmacies as it has a higher likelihood of tarnishing their brand image.

When it comes to *lowering credibility* of parent brand due to carrying out too many extensions in a short span of time the response of the interviewees were such that Z-Jans feel that in a price sensitive market like Pakistan quantity instead of quality matters more. Chen One is rather cautious when it comes to stretching into unrelated product categories. Haleeb is more inclined towards line extensions as it is easier for them. Similarly, Lakson group and service are prudent investor group and makes brand extensions into tangible opportunities.

Finally, *cannibalization* of parent brand sales is crucial issue in many industries especially in fashion sector. In this domain Servis and Chen One are experiencing the most of cannibalization. Z-Jans and Haleeb (HFL) are do not experience much of cannibalization. The most interesting point was received from Lakson group who are also experiencing some form of cannibalization. It has been observed that cannibalization of sales occur when a company embarks on e-commerce initiative, thus creating a direct sales channel with its target market.

4.5.3 Successful Brand Extensions

Following the same pattern of analysis is above in the table () the companies which were interviewed are plotted against their criteria for fit. The same codes were used:

Figures 3: Coding for Successful Brand Extensions

Positive (+ve)
Negative (-ve)
More Positive and less Negative (+ve/-ve)
More Negative and less Positive (-ve/ve)
Neither Negative nor Positive (-+/-+)

Source: Authors own creation

Table 5: Data Display for the Criteria of Fit

Importance of Fit	Z-Jans	Chen One	Haleeb	Lakson	Servis
<i>Parent brand and extensions</i>	+ve	+ve/-ve	+ve	-+/-+	+ve
<i>Brand category similarity</i>	+ve/-ve	-+/-+	+ve	-ve/+ve	+ve
<i>Brand image similarity</i>	+ve	+ve	+ve	+ve	+ve

Source: Authors own creation

With respect to parent brand and extensions *fit* almost all the five companies recognize the concept of fit as prerequisite for successful brand extensions. Companies like Z-Jans, Haleeb, and Servis claim that their brand extensions match the parent. Only Chen One is slightly different in a way that initially their brand stretches were following fit but later on they ignore it as they were to enter new categories so as to constitute the *Happy Family* concept at Chen One. Whereas the response elicited from Lakson group representative was neither in favour nor against the concept of *fit* for brand extensions.

When it comes to *fit* in terms of brand extension and product category similarity Z-Jans has recent experience has been positive in the consumer products sector. However, their experience with the shift from drugs to consumer brand extensions was no so similar in terms of fit between product category similarities. Similar pattern of experience in terms of category similarity was witnessed by Chen One. Haleeb mainly operates in perishables so greater similarity in terms of fit between product category similarity. Lakson agrees generally to this concept however argues that success depends more on the reputation of parent brand. Servis advocates the concept of *fit* in terms of brand category similarity as its brand extensions are all in related product category.

In terms of extension and brand image similarity all the five respondents claim that their brand extensions have a *fit* and resulted in enhancing the image of their parent brands.

Table 6: Data Display for Evaluation

Evaluation	Z-Jans	Chen One	Haleeb	Lakson	Servis
	Enhancement	Enhancement	Enhancement	Enhancement	Enhancement/Dilution

	(+ve)	(+ve)	(+ve)	(+ve)	(+ve/-ve)
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Source: Authors own Creation

In the above mentioned table we have summarized the evaluations of parent brand and extensions of the five companies under study. From the above we came to know that all the five companies consider that their brand extensions have imparted a positive effect on the overall evaluations of their parent brands. It has also been observed that normally enhancement or dilutions in Pakistani firms are assessed in terms of market share and sales from brand extensions.

Table 7: Data Display for Moderating Variables

Moderating Variables	Z-Jans	Chen One	Haleeb	Lakson	Servis
<i>Parent Brand Quality</i>	+ve	+ve	+ve	+ve	+ve
<i>Customer Know-how</i>	-ve/+ve	+ve	+ve	+ve/-ve	+ve
<i>Two prong brand names strategy</i>	+ve	+/-+	+ve	+ve	+ve
<i>Portfolio characteristics</i>	+ve	+ve	+ve	+ve	+ve
<i>Customer certainty</i>	+ve	+ve	+ve	+ve	+ve

Source: Authors own Creation

The empirical data from all the five companies consider quality of the parent brand has a favourable impact on brand extension. Similarly in terms of Consumer knowledge Chen One, HFL, and Servis agrees. However, Z-Jans and Lakson group pinpoints the low literacy rate of the country sometimes referred to as photo literacy as a main hindrance in the path of success for brand extensions. A two prong brand name strategy is used by almost all the companies except for Chen One. The five respondents also believe that it is better to restrict to fewer categories so to improve focus and success rates of brand extensions. Finally, consumer certainty was unanimously agrees on customer certainty for successful brand extensions.

5 Conclusion and Findings

In this final section we intend to conclude our findings from interviews in order to answer our research questions, hence we also are able to answer the purpose of the study. This section would end up with implications for future research.

5.1 Why do companies in general and specially in Pakistan use brand extension?

Our study indicates that the motivations behind brand extensions are due to multiple reasons in the Pakistan market. One of the important factors for brand extensions is growth. This can be achieved by preserving market share in existing market segments or by exploring some latent segments which are not yet discovered by competitors. This might be possible by improvising on favourable core brand associations and goodwill. For companies operating in multiple industries growth may not be the ultimate objective as they try to match competitor's actions through brand stretching which lead to a kind of spillover or bandwagon effect. However, for vigorous growth through extensions a steadfast expansionist stance from the company is a prerequisite. To retain customer satisfaction and brand loyalty our study reveals that another driver of brand extension is to meet and exceed *customer needs, wants and trends*. The study shows that brand extensions are sometimes carried out to up-to-date the brands outlook for fulfilling new customer trends and thus retaining loyalty of customers through emotional, price, incentive and monopoly based loyalty.

This study divulges that there are some variations in economic motivations behind brand extensions. This was exemplified in one of the companies chosen (HFL) which indicates that their primary motivation for brand extensions is sometimes to utilize idle capacity due to its seasonal nature of business. Other reasons might include but are not limited to promotional efficiencies, return on investments (ROI) and creation of a pool of expert workers. The study also shows that the cost involved for *inducing greater number of trials* for brand extensions is relatively lower than launching a new brand. On the other hand, it was found out that *less communication or promotional cost* is mostly not an underlying motivation for brand extensions as new brand extensions may target new customers with different demographic characteristics. For instance, in Pakistan a major segment of the population is merely *photo-literate*. It also indicate that Small sized firms can benefit more than large organizations by launching a mix campaign of below-the-line (BTL) and above-the-line (ABL) activities more effectively which is called as Through-the-line (TTL) activities.

As far as *economies of scale* are concerned our study reveals that, production, research and development (R&D) and communication economies of scales are rationales behind brand extensions which translates to increased profits. It was also found that in food (perishable) processing companies' economies of scale may be dependent on supplier's capability to serve demand. Finally, the economies of scale effects might not be applicable for firms operating across multiple industries. On the other hand, for firms producing companion brands such as tyre and tubes brand extension is a good means of reaping the benefits of economies of scale.

In our study we found that brand extensions can be a motivation for enhancing the recognition and recall of the parent brand. This is especially true for weaker core brands. In this way the parent brand can bargain with retailers from a position of strength. Furthermore, in order to cope

with an ever *changing environment* it is also a motivation to extend the brand to revitalize, re-launch or make parent brand more attractive. It was also revealed that sometimes changes in external open window of opportunities for exploitation. Sometimes partnerships with international brands are created so as to strengthen brand position in the eyes of customers. In terms of *leadership change* our study indicate that majority of companies are family managed firms (FMF) therefore leadership change is merely a kind of dynasty change. It can be argued that a successful company is like a winning sports team and who wants to make changes to a team which is winning the battles on marketplace. It was also found out that intense *competition* can be a motivation for companies to launch brand extensions. The study indicates that companies desire to steal a lead from competitors by targeting a new market segment (niche) through first mover advantage to achieve competitive advantage. Last but not the least, our study concludes that *transfer of technological expertise* was also a motivation behind brand extensions into new product categories even in some cases superior packaging technology might be a source of transferring expertise to new brands.

5.1.1 Key Findings from Rationales of Brand Extensions

- That brand extensions can enhance existing and new customers segments which were previously latent or unexplored.
- That growth might not be the ultimate objective for brand extensions in Pakistan. Instead some brands are stretched to keep pace with the bandwagon.
- That brand extensions help companies satisfy needs, wants and trends of target customers. As a result brand loyalty is increased and switch costs are avoided.
- That a brand extension can induce greater consumer trials when compared to launching a new brand. However, this coupled with a strong distribution channel can be even more beneficial in Pakistan market.
- That small brands can better utilize a blend of below-the-line (BTL) and above-the-line (ABL) promotional strategies (BTL+ABL=TTL).
- That a brand extension can result in an enhanced recognition, awareness and recall for the parent brand. It is also interesting that in Pakistani market a brand extension can enjoy more awareness and recall than parent brand. In case the small company goes international then this favourable effect increases manifold.
- That a brand extension can result in enhancing the utility of the brand.
- That a brand extension may result in giving more power to the company. Therefore, the company can bargain with retailers from a position of strength.
- That a brand extension is a kind of re-launching or rebranding for a company as it refreshed the company image and positioning in minds of target customers.

- That a brand extension is a source of gaining a competitive advantage in the domain of competition in the domain of competition by concentrating on a market niche.
- That brand extension is a mechanism for transferring technological expertise of parent brand in production, research and development (R&D) to brand extensions.

5.2 Do the general Pros and Cons of brand extension hold the same applicability in Pakistan?

The study indicates that the advantages and disadvantages of brand extensions are also realized by Pakistani brand managers but view them from a slightly different perspective. As an advantage of brand extension *consumer know how* of the parent brand is concerned it is important to communicate the specific benefits of the brand extension to target market. In comparison to new product launching brand extensions are more beneficial, because for new products push strategies are needed and brand extension creates pull demand. In the same manner our study indicates that in Pakistan the use of a catchy or appealing brand name in the local dialect might be helpful to make the consumer understand the brand philosophy and thus accept it. Some companies may even use different names so as to prevent from their brand name becoming a cliché or a verb. The study also shows that *consumer trust* can help a brand extension penetrate the market quickly and deeply as consumer and retailers should readily accept the products. So in this way larger *number of trials* is achieved which results in quick diffusion of brand extension. However, in Pakistan it is has been observed that seasoned brands are more sought after and experience demand pull instantaneously as and when the brand extension is offered to market, whereas less known brand needs it takes considerable time to diffuse to the market and build a reputation.

The study indicates that in Pakistan brand extension can be used advantageously to refresh, rebrand or revitalize and reposition the image of the parent brand as it passes through different stages and becomes mature. While there are some advantages to brand extensions there are always some disadvantages to it such as *dilution of parent brand image*. From our findings we conclude that brand managers in Pakistan often are unable to realize the fact that some brand extension can actually tarnish or dilute the parent brand. We believe that since in Pakistan the population is so large that even if a brand extension fails in some parts of the country even then it might generate good sales in the other territories. As a result brand managers might become complacent in saying that they had never experience dilution in their brand extensions. However, they agree that in businesses such as life saving drugs or health care products greater care needs to be taken in procurement, storage and distribution of products due to nature of these products. Any negligence in such a business can lead to dilution of parent brand. Similarly brand managers also believed that in case of number of brand extensions the more the merrier. This again has got to do with huge population.

Finally as a disadvantage the brand extension can stir cannibalization of sales for existing brands. However, this effect is largely prevalent in fashion sector where obsolescence is caused through fads and fashions. It is very important to know that cannibalization of sales is caused mainly due to e-commerce being run simultaneously with your normal business channels. Since, in Pakistan the use of internet and plastic money purchasing is negligible therefore the effects of cannibalization of sales are not so commonly realized.

5.2.1 Key Findings from Pros and Cons of Brand Extensions:

- That in order to communicate the specific benefits of the brand extensions to consumer for increasing their knowhow of brand. The use of catchy and appealing name in local dialect is instrumental in this regard.
- That seasoned and trustworthy companies experience pull strategies for brand extensions and less know companies use push strategies for achieving greater consumer and retailer trials.
- That it hold true even in Pakistan that brand extension can be a source of refreshing, rebranding of repositioning the image of the parent brand.
- That the Pakistani market is in infancy stages as far development of brand extension strategies are concerned. This is why sometimes brand managers do not realize some of the disadvantages of brand extensions such as dilution of parent brand except for pharmacies or drugs where greater care is taken in procurement, storage and distribution.
- Cannibalization of sales is prevalent in fashion sector in Pakistan but not o much in other sector. Cannibalization of sales may occur when a company takes e-commerce initiative in Pakistan.

5.3 How brand managers in Pakistan describe a successful brand extension?

Our study indicates that the *fit* requirement needs to be accomplished in order for a brand to be reckoned as success. It is a prerequisite that brand extension should *fit* parent brand, its image and the product category where the extension is intended to be competing. In addition it has also been found that sometimes product category is defined by a similar problem facing all the brand of a company such as perishability in case of edible brands and extensions.

Likewise the study concludes that consumer's evaluations of parent brand are unfavourable after a brand extension has failed or tarnished the parent brand. On the other hand, consumers have favourable assessment of the parent brand then it is concluded that the brand extension has enriched the image of the core brand. In simple words our study concludes that in case *fit* are non-existent then consumer evaluations of the brand extensions might be unfavourable and in case there exist *fit* then consumer evaluations are favourable. It has been observed that the moderating factors such as quality of core brand, consumer knowledge, consumer certainty and using a two-prong brand name also affect the destiny of a brand extension. Quality of the parent brand is important and transfers to brand extension if it succeeds. However, it has been concluded that companies in Pakistan think that quality is attained by meeting the requirements of international quality standards such ISO 9002, ISO 14000, and HACCP. In a situation where consumer are highly knowledgeable then it is likely to help the extension in success but in Pakistan where majority of consumers are photo-literate this might not be the case of how they see and define quality in a brand extensions. The study indicates that if brand extensions are done in related categories then balance of probability for success gets in favour of the brand

extension. And using two prong brand names can help a brand succeed as it is safeguard in case the brand extension fails. As far as brand equity is concerned the study indicates that if a highly valued brand engages in brand extension then it is probable that customers would stay loyal to the brand. As a result the parent brand enjoys consolidated positioning and image as well experience less costs when carrying out extensions.

5.3.1 Key Findings from Successful Brand Extensions

- That it is foremost important that there exists a fit between the parent brand and extension. The same notion holds true for product category and image so that a brand should be considered as successful.
- That favourable or unfavourable appraisal of the extension by target consumers should either result in enriching or tarnishing the parent brand.
- That the moderating variables also affect the destiny of a brand extension with quality factor being the most important as companies in Pakistan define quality by meeting international certification standards. Whereas, this may not be comprehensive definition from perspective of a mostly photo-literate population.
- That high brand equity after an extension is carried out consolidates brand loyalty, positioning, image and reduces costs.

5.4 Further Research

Over the past couple of decades brand extension activity has attracted much attention in both academia and corporate world. As far as our study is concerned it is first of its kind in Pakistan, since no previous studies have been undertaken on the topic we have chosen. However, the area is much vast and other researches can also be carried out in future such as to include a salesperson, retailers or consumer perspective on brands and line extensions. It is also interesting to know that line extensions are more prevailing in Pakistan when compared to brand extensions, therefore it could be interesting to carry out a research on Line extensions in Pakistan. In our research brand managers from five companies were taken to consideration namely Haleeb (Dairy), Z-Jans (Health care consumer products) and Chen One (Retailing), Lakson Group (FMCG, Fast food chains, TV & Print media) and Servis Group (Retailing, pharmacies, Tire & Tubes). These companies represent five different industries so in a way it would be even more interesting to conduct a study on companies within the same industry in order to make the research even more specific. Future research can also take into consideration the cultural differences in various countries by comparing and contrasting brand extensions activities in different geographical territories.

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Other Resources:

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<http://www.servis.com/> access on 16th January,2010

Appendices

Q.1: Please introduce yourself in the following manner?

- i) Name of the company
- ii) Name of the respondent
- iii) Position of the respondent
- iv) Number of years within the company

Q.2: Company Background.

- i) Year of establishment
- ii) Number of employees
- iii) Ownership
- iv) Products
- v) Markets
- vi) Competitors

Rationales behind brand extensions

Q.3: Do you as a brand manager think that your company XYZ achieved its growth objective through its brand extensions?

Q.4: How did your extensions strategy meet the needs, wants or trends of the consumers?

Q.5: Compared to new product launching did the launch of brand extensions helped reduce the investment required?

Q.6: Brand extensions are known to decrease communication costs for awareness creation? Did your company XYZ benefit from its previous goodwill?

Q.7: Did your company XYZ achieve the benefits of economies of scale? If yes, then in what way?

Q.8: How brand extension strategy helped your company XYZ in inducing greater consumer trials for its brand extensions?

Q.9: How and in what way your company has capitalized on success of its strong brand name by extending it?

Q.10: With environment changes on a consistent basis in the marketplace how your company has managed its portfolio of existing brands?

Q.11: Do you believe that a change in company's leadership can lead to new brand extensions?

Q.12: Through brand extension how you have your company prevented competitors from entering into your market segment?

Q.13: How has your company transferred its technological expertise to new brand extensions?

Would you like to make some additional comments to this section?

Pros and Cons of Brand Extension

Q.14: Brand extension is known to be more beneficial than new product launching. Please exemplify with respect to consumer know how of parent brand?

Q.15: As a benefit of brand extension how can a company benefit from consumer trust when it comes to brand extensions?

Q.16: How have your company benefitted in terms of consumer trials and visibility of products?

Q.17: Did your company extensions resulted in refreshing your parent brand image in some way?

Q.18: Do you think that as a disadvantage a brand extension can dilute a parent brand name through reciprocity effect?

Q.19: What is your opinion about brand extension lowering credibility of parent brand?

Q.20: Do you witness cannibalization of sales for your products due to brand extensions?

Successful brand extensions

FIT

Q.21: Can you as a brand manager define a successful brand extension in terms of *fit between parent brand and the extension*?

Q.22: One of the most often used dimensions of *fit is product category similarity*. As a brand manager can you define in your own words an appropriate brand extension in this regard?

Q.23: Another dimension of fit is brand image similarity or concept consistency. How do you define congruency of the extension with family?

Evaluation

Q.24: How you as a brand manager would evaluate a brand extension as enhancement or dilution of the core brand?

Moderating Variables

Q.25: How you as a brand manager would define a successful brand extension in terms of core brand quality?

Q.26: Do you think that consumer knowledge affects the fit for extension or the core brand evaluations? If yes, then please exemplify?

Q.27: Do you believe that using two or more brand names can help succeed a brand extension?

Q.28: From your viewpoint what is the role of portfolio characteristics in success of a brand extension?

Q.29: As a brand manager how much do you think *consumer certainty* can affect the success of a brand extension?

Q.30: Do you as a brand manager believe that brand equity helps a brand extension succeed through brand loyal consumers?

Q.31: As a brand manager do you think that positive image can contribute to positioning strategy of a successful brand extension strategy?

Q.32: From brand managers view point do you think that brand equity helps in making brand extensions less costly?

Would you like to add some additional comments to this section?

Thanks for your time. It was a pleasure talking to you.