



LOYALTY TO A BRAND AND ITS EXTENSION IN HIGH INVOLVEMENT PURCHASES

Sakhhi Chhabra

Research Scholar; Management Development Institute, Sukhrali, Gurgaon - 122 007, India

Jaydeep Mukherjee

Associate Professor; Management Development Institute, Sukhrali, Gurgaon - 122 007, India

Abstract

This study compares the attitude of consumer loyalty and its antecedents towards the mother brand and its extension, in high involvement purchase context. The significant contribution of this research is that it provides insights about attitudinal drivers of loyalty towards the brand extension and not just perceived loyalty. Data was collected from a total of 1038 respondents using a questionnaire and independent samples t-tests were conducted to compare the mean scores between the attitudinal antecedents for consumers of the mother brand customers and its extensions. Results indicated that loyalty for brand extension was significantly different for the construct of brand loyalty and dealer loyalty, while no such difference was observed for antecedents like trust, satisfaction, brand image and perceived service quality. In high involvement purchase situations, where the intermediary was the point of contact with the consumers, the loyalty behaviour is significantly related to the attitude towards the intermediary.

Keywords: Brand extension, brand loyalty, dealer loyalty, antecedents of brand loyalty

1. INTRODUCTION

Brand loyalty is an important asset of a firm. In order to leverage this asset, many companies extend their brands into other categories (Court *et al.*, 1999). Virgin group, which was originally a record label company had successfully extended its brand in diverse businesses like transportation (aeroplanes, trains), personal computers, bridal services, movie theatres, perfumes, and cellular phones (Keller, 1998). Reasons for brand extension are summed up by Allan Maccusker, "A lot of marketers are going for brand extensions because an established brand name will generate, hopefully, quicker trial by consumers and then heavier repurchase" (Advertising, 1993).

Over time, research on brand extension focused on parameters that determined the success or failure of extensions. Many researchers had studied the effects of extending a brand into wide variety of product categories. Some researchers had argued that a broad set of extensions would create more diffused associations and fade the image of the parent brand (e.g., Keller and Aaker, 1992; Loken and John, 1993). One of the common assumptions across studies concludes that product category similarity and brand affect play significant roles (Boush and Loken, 1991; Bottomley and Doyle, 1996). Also, it was found that brand extension should work more for strong brands in related line extension (Aaker and Keller, 1990; and Herr *et al.*, 1996). However we do not see that happen always. There are many instances where successful brands have not been able to generate adequate

Corresponding author's
Name: Sakhhi Chhabra
Email address: fpm13sakhhi_c@mdi.ac.in

demand for its extensions. Therefore there is a gap in knowledge about the relationship between “consumer loyalty towards the mother brand” and “consumer loyalty towards its brand extensions”.

Brand loyalty is a significant element of a company’s marketing objective, as higher the brand loyalty leads to better prospects of its extension, higher market share and higher return on investment and ultimately higher brand equity (Gounaris and Stathakopoulos, 2004). If we compare those who want to buy the original brand and those who want to buy the brand extension on the dimensions of brand loyalty and its antecedents, we can understand the weak links which prevent the brand from having successful extensions. More importantly it also gives us a possibility to explore in depth and understand which antecedents are more relevant in the process of successful extension.

To conclusively understand this phenomenon, this study would include some of the antecedents of the construct of brand loyalty. Constructs like trust, commitment and satisfaction that determine the brand loyalty, are essentially socio cultural in nature. Thus, the multi-cultural context prevalent in India provides a rich site for exploring these variables. The objective of this research is to study the strengths of each one of these variables for the mother brand for two different sets of customers; customers of the original brand and customers of brand extension. The findings are likely to indicate the conditions which help in making the brand extension a success.

2. LITERATURE REVIEW

The literature review section explores the notion of brand loyalty, its antecedents and its review in brand extension, so as to develop an appropriate framework for this study. According to Liebermann (2000), developing loyalty is a multistage process which evolves steadily and it is probable that image oriented loyalty shall precede marketing oriented loyalty, which will in turn precede sales oriented loyalty. This gives an indication that new extensions under the original brand will receive positive attention; promote positive evaluations and product trial. This hierarchical order can be used in evaluating relationship between brand loyalty and brand extensions. These measures could be affected by trust, perceived quality, brand image and satisfaction, which can influence the behavioural loyalty intentions (e.g. Parasuraman *et al.*, 1991). Thus, literature related to brand loyalty, and variables related to brand extensions like trust, satisfaction, perceived service quality, dealer loyalty (as intermediaries are also involved in many cases of consumer products), and brand image have been studied in detail.

2.1. Loyalty to a brand and its extension

Brand loyalty has been defined as “the biased (i.e. nonrandom), behavioural response (i.e. brand support), expressed over time, by some decision-making unit with respect to one or more alternative brands, out of set of such brands, and is a function of psychological processes resulting in brand commitment” (Jacoby and Kyner, 1973). Brand loyalty is a complex construct which manifests itself through psychological (e.g. brand commitment) as well as behavioural elements (purchase).

Introducing a new product under an established brand name is called brand extension (Keller, 1998). Successful brand extensions enjoy brand associations related to attributes, benefits and attitudes which are a result of marketing communications as well as direct experiences with the brand. Brands that have favourable, strong and unique associations are better positioned than competing brands. They can be more easily extended into other product categories. Brand extensions penetrate faster in the market as compared to the regular new products, by leveraging on the parent brand’s assets like awareness to consumers, positive images, recognized distribution outlets, etc. Consumers’ affect for weaker category dominant brand’s transfers less effectively than for strong category-dominant brands (Herr *et al.*, 1996).

Researchers have explored the relationship between the evaluation of brand extensions and brand image. Initial research by Aaker and Keller (1990) was not supported proving against their hypothesis that strong perceptions toward the original brand are related with more favourable attitudes toward the extension. However, subsequent research has found a positive relationship

between the consumer's evaluation of the brand extensions and the perceived quality of the original brand (Keller and Aaker, 1992; Dacin and Smith, 1994; Bottomley and Doyle, 1996). Smith and Park (1992) found that the relative effect of brand extensions is better for experience goods as compared to search goods (Rangaswamy *et al.*, 1994; Park and Srinivasan, 1994; Loken and John, 1993).

Zeithamlet *et al.* (1996) advocates that "Loyalty may be manifested in multiple ways; for example, by expressing a preference for a company over others, by continuing to purchase from it, or by increasing business with it in the future". Loyalty should be evaluated with both attitudinal and behavioural criteria. However, once attitudinal criteria are imposed, loyalty becomes a brand-specific concept and not a general concept (Yi and Jeon, 2003). The attitudinal concept of brand loyalty captures the emotional and mental attachment of a customer to a brand (Jacoby and Olson, 1970; McGoldrick and Andre, 1997). "Behavioural measures are insufficient to explain how and why brand loyalty is developed or modified; high repeat purchase may reflect situational constraints, such as brands stocked by retailers, whereas low repeat purchase may simply indicate different usage situations, variety seeking, or lack of brand preference within a buying unit" (Dick and Basu, 1994) therefore attitudinal criterion is imposed. Thus, higher the relative attitude between alternatives, the more likely that attitude will influence behaviour (O'Malley, 1998).

Brand loyalty is a significant element in sustaining stable demand and competitive advantage. According to Reichheld (1996), the various advantages of loyalty include an incessant stream of profit, augmentation of per-customer revenue, amplification in price premium, increase in referral, decrease in operating costs, diminution of marketing costs and switching barriers among loyal customers who will not easily surrender to competitor's promotional efforts. Considering these benefits, customer loyalty cannot be overemphasized in the severely competitive business world of today (Reichheld, 1996; Reinartz and Kumar, 2000; Yi and Jeon, 2003).

Brand loyalty construct has been investigated for many decades (Jacoby and Chestnut, 1978; Kahn and Meyer, 1991; Dick and Basu, 1994), yet it has not been used to assess the favourability of brand extensions. Brand loyalty attitudes for the extensions among its customers base are formed, based on the attitude towards the mother brand. For the consumers of the mother brand, the loyalty attitude for the brand extension is not likely to be as strong as their loyalty attitude towards the mother brand. Thus, only a subset of the consumers of mother brand adopts the brand extension.

Thus our null hypothesis is:

H1: There is no difference in the loyalty towards the mother brand, between the customers of brand extension and customers of the mother brand.

2.2. Trust

Moorman *et al.* (1993). Defined trust as "a willingness to rely on an exchange partner, in whom one has confidence". The literature on trust suggests that reliability and high integrity are significant aspects of trust, which are also associated with qualities such as consistency, competence, honesty, fairness, and being responsible, helpful, and benevolent (Altman and Taylor, 1973; Dwyer and LaGace, 1986; Larzelere and Huston, 1980; Rotter, 1967).

Berry and Parasuraman (1991) found that relationships between customer and a company required trust. In retailing, Berry (1993) stressed that "trust is the basis for loyalty." Empirical research has revealed that the presence of trust will have a positive effect on the continuity of a loyal relationship (Garbarino & Johnson, 1999). Trust is often considered as the most crucial element in a successful relationship (Morgan & Hunt, 1994). Brand loyalty is conceptualized as a feeling of trust, when brand attitude is presumed to become central to the repurchase decision in relational exchange (Berry, 1993).

Schurr and Ozanne (1985), in their research found that in buyer-seller bargaining situations, trust lead to higher levels of loyalty to the bargaining partner. Trust can be considered as a customer's

faith towards an organization or its off-shoot, including its brand associations, brand image and brand reputation. It can be conceptualized that if trust is present, customers maintain a long term relationship with a brand rather including its extension (Ogba& Tan, 2009). Thus we hypothesize: Thus our null hypothesis is:

H2: There is no difference in the trust towards the mother brand, between the customers of brand extension and customers of the mother brand.

2.3. Satisfaction

Another antecedent which makes it possible to distinguish between repeat purchase behaviour and brand loyalty is customer satisfaction. Oliver (1980) suggests that customer loyalty is a function of customer satisfaction, which in turn is a function of comparison between perceived experience and actual experience. Oliver (1981) defines satisfaction as “a summary psychological state resulting from the emotion surrounding expectations (which) is coupled with the consumers prior feeling about the consumption experience”. Satisfaction with a product or a service affects buying intentions as well as actual future behaviour in a positive way (Bloemerand Kasper, 1995).

Bloemer and Kasper (1995) demonstrate that the satisfaction-loyalty relationship is not simple and straight forward as the level of elaboration on the part of the customer must act as a moderator between satisfaction and loyalty. They suggest that manifest satisfaction is directly and unequivocally related to true brand loyalty, whereas latent satisfaction just means mere acceptance of the brand and which may not necessarily lead to commitment (and true brand loyalty). So, manifest satisfaction will be positively related to true brand loyalty.

The relationship between satisfaction and loyalty is non-linear, meaning that in case satisfaction increase above a certain level, customer loyalty will increase rapidly (Oliver, 1981). Thus our null hypothesis is:

H3: There is no difference in the satisfaction towards the mother brand, between the customers of brand extension and customers of the mother brand.

2.4. Perceived service quality

The better the perceived quality of service, the more likely is the customer to gain confidence in that organization, and thereby the loyalty of the consumer towards the service provider increases (Doney& Cannon, 1997; Singh &Sirdeshmukh, 2000). Customers evaluate and make judgements about the service provider based on tangible and intangible attributes of the rendered service. Based on the service quality experienced, customers derive satisfaction (Au *et al.*, 2002). Since an evaluation of quality is usually required for a customer to decide if a service is satisfactory (Oliver, 1999), this research argues that perceived service quality precedes the formation of the attitude of brand loyalty.

Thus we hypothesise:

H4: There is no difference in perception of service quality of the mother brand, between the customers of brand extension and customers of the mother brand.

2.5. Dealer loyalty

Dealers and retailers are those intermediaries who sell the product and sometimes provide after sales services to the consumers. It is widely perceived that brand and dealer are considered as separate but interrelated units.

Bloemer and Lemmink (1992) suggested that the customer’s satisfaction with the car and their loyalty towards the dealership are important determinants of brand loyalty. Also, customer satisfactions with the sales service as well as with the after-sales service are major determinants of dealer loyalty.

Verhoef *et al.* (2007) found that dealers may contribute to brand retention through their sales and service efforts. Consumers' decisions of continuing to deal with a particular dealer are based on consumers' perception of value (or utility) of the dealer. In line with the theory of consumption systems, the contribution of channel intermediaries towards development of brand loyalty is moderated by the brand tier and varies across different brand tiers (Verhoef *et al.*, 2007).

Thus we hypothesise:

H5: There is no difference in perception of dealer loyalty of the mother brand, between the customers of brand extension and customers of the mother brand.

2.6. Brand image

Keller (1993) defined brand image as a perception about a brand held in consumer's memory. Ind (1997) reported that when consumers purchase products from a company, they not only buy products but also receive a set of values from the company. A positive corporate brand image is not only a weapon to meet competition but also encourages consumers to re-purchase (Porter & Claycomb, 1997). Companies having favourable brand image are perceived by the consumers to have better quality, value, satisfaction and loyalty (Johnson *et al.*, 2001). Selnes (1993) also confirmed the positive influence of corporate brand image on brand loyalty.

Organizations work hard to build the brand image of their firm and its products. Marketing processes such as advertising and promotions attempt to increase brand awareness, repeat purchase and develop long term commitment of the customer, thereby making the customer more loyal. Bloemer and Lemmink (1992) and Huber *et al.* (2001) found positive relationship between brand loyalty and dealer loyalty in the automobile industry. They have also reported that positive brand image leads to greater customer loyalty. Thus we can hypothesize that:

H6: There is no difference in perception of brand image of the mother brand, between the customers of brand extension and customers of the mother brand.

3. RESEARCH METHODOLOGY

3.1. Selection of site

LeClerc and Little (1997), found that repeat purchase for a low involvement product can be considered as habitual purchase behaviour, but repeat purchase behaviour for a high involvement product was an indicator of brand loyalty. Quester and Lim (2003) have suggested that high involvement was a prerequisite to the attitude of loyalty, and cognitive definition of brand loyalty represents commitment and involvement with the brand. Therefore for this research, high involvement product category was an appropriate situation to study. Automobiles are considered high involvement category as revealed from the study of Yiehet *et al.* (2007). Also, the assessment of brand loyalty was likely to be higher for a more popular brand than a relatively unknown brand. Hence, we studied the loyalty behaviour of customers for the most popular passenger automobile brand in India, namely 'Maruti' and its not so successful extension to the pre-owned car business, branded as 'True Value'.

Maruti Suzuki India Limited (MSIL) is engaged in the manufacturing and distribution of Maruti passenger cars and spare parts. MSIL has a market share of 37% of the Indian passenger car market as of November 2012 (Maruti, 2013). It has been rated first in customer satisfaction among all car makers in India from 1999 to 2009 by JD Power Asia Pacific (Maruti, 2013). Vehicles of this brand are known to be fuel efficient and are renowned for their low maintenance costs. The company's business was extended, to include sale and purchase of pre-owned cars by their brand extension called 'True Value'. Maruti's 'True Value' brand' provided reassurance to existing Maruti customers about the resale of their cars and provided opportunity to another set of consumers who were seeking to buy a pre-owned car, to also experience a 'Maruti' product and service. 'True Value' emphasizes Maruti's Commitment towards enhancing customer satisfaction by continuous association during the vehicle ownership life cycle (Maruti True Value, 2013). The main value

proposition for the consumer was that ‘True Value’ had transparent and fair evaluation process, which was currently missing in the large unorganized market for pre-owned cars. Maruti True Value processes and systems ensured that the seller got the right price and was paid promptly, also the buyer got the assurance of the Maruti brand (Maruti True Value, 2013). They offered the True Value through the same set of dealers who sold Maruti, and both brands were located in the same premises though in separate retail showrooms.

3.2. Data collection instrument

A questionnaire was designed in order to measure the constructs mentioned in the hypotheses. There are two main parts of the questionnaire; the first part comprised of 22 questions that measured the six focal constructs of the model. All the elements were measured using a 5-point Likert scale. The items were adapted from the validated scales picked up from literature, thus the construct validity was established. The second part of the questionnaire comprised of demographic items like participant’s age, income, site and geographic location. These questions provide a profile of the respondents and validate the sample at the end of the study to make comparisons with the universe as a whole (Hague, 1993). Literature references for the scales used in measurement of the constructs are given in Exhibit 1.

Exhibit1: Literature references for the scales used in measurement of the constructs

Construct	Questions	Literature reference
Trust	Maruti has the professional knowledge and skills to be called a trustworthy brand	Yiehet al. (2007)
	Maruti has high integrity	Morgan and Hunt (1994)
	I can trust Maruti to consider my best interests	Yiehet al. (2007)
Satisfaction	I feel secured when I deal with Maruti	Yiehet al. (2007)
	The quality of the cars provided by Maruti is good	Yiehet al. (2007)
	Purchasing a car from Maruti gives me a sense of contentment	Selnes (1993)
	After buying a car from Maruti, I feel I have made the right choice	Bloemer and Kasper (1995)
Perceived service quality	The personnel at Maruti are forthright in explaining product features and prices of items	Yiehet al. (2007)
	On entering the Maruti showroom, customers are greeted by service personnel	Yiehet al. (2007)
	Maruti center has an up-to-date look and well-maintained facilities.	Yiehet al. (2007)
	Maruti dealer provides service on the weekends	Yiehet al. (2007)
Dealer loyalty	Most of the cars that I buy, I own from this dealer.	Dick and Basu (1994)
	I have been buying from this dealer for a long time i.e. more than a year	Verhoefet al. (2007)
	I visit this dealer frequently i.e. every 6 months	Dick and Basu (1994), Verhoefet al. (2007)
Brand image	Based on my experiences, I can associate myself with Maruti closely	Selnes (1993)
	Maruti keeps you informed of new developments.	Morgan and Hunt (1994)
	Maruti communicates proactively in case of any problem	Morgan and Hunt (1994)
	Maruti is a well-known brand	Verhoefet al. (2007)
Brand loyalty	I like Maruti more than other Automobile retailers	Yi and Jeon (2003); Dick and Basu (1994); Jones and Sasser (1995)
	I have a strong preference for Maruti	Yi and Jeon (2003), Dick and Basu (1994)

I give prior consideration to Maruti whenever I need another car	Oliver (1999), Yi and Jeon (2003)
I would recommend Maruti to my friends and relatives	Jones and Sasser (1995), Dick and Basu (1994), Reichheld (1996), Yi and Jeon (2003)

Sample of Maruti and True Value customers were picked from three dealerships of Maruti in New Delhi. The choices of the dealerships were based on convenience as researchers had familiarity with these organizations. All the customers who came to those dealerships in the first week of October 2013 were asked to fill up the questionnaires. Data was collected from a total of 1038 respondents, 640 from Maruti and 398 from True Value showrooms, which represented the natural flow of customers to those outlets. A study of the demographics revealed that out of sample of 1038, 47.6% belonged to the age group of 30- 39 years, followed by 33.5% in age group of less than 30 years and only 18.9% respondents were between 40-49 years category. With respect to annual family income, 566 respondents were earning less Indian Rupee (INR) 0.6 million per annum, 383 were earning 0.6 - 1.2 million INR per annum and remaining 89 respondents were having family income above 1.2 million INR per annum. Almost 77% respondents were from cities, 19% from towns and only 4% from villages.

3.3 Data Analysis

One of the most commonly used indicators of internal consistency is Cronbach’s alpha coefficient (Pallant, 2005). Cronbach’s alpha figures of all the constructs that were being measured were found to be above 0.7 and hence could be considered to have good reliability. Refer to Exhibit 2 for Cronbach’s alpha scores.

Exhibit 2: Cronbach’s Alpha coefficient for different constructs

Constructs	Cronbach’s Alpha	Number of Items
Trust	0.717	3
Satisfaction	0.716	4
Perceived Service quality	0.711	4
Dealer loyalty	0.726	3
Brand Image	0.704	4
Brand loyalty	0.702	4

In order to test the hypotheses, independent samples t-tests were conducted. Mean scores of two groups, Maruti Customers and True Value customers were compared for the constructs of brand loyalty, trust, satisfaction, perceived service quality, dealer loyalty and brand image. All the assumptions of equal variances were checked with Levene’s test for equality of variances before proceeding with the tests. The results are reported in Table 1.

Table 1: Results for Independent sample T-tests

Construct		Mean Scores	Std. Deviation	Levene’s Test	P (sig. Value)	Inference
H1: Brand loyalty	True Value Customers	17.930	1.628	0.226	0.020	Hypothesis not supported
	Maruti	17.695	1.532			
H2: Trust	True Value Customers	13.839	1.400	0.001	0.110	Hypothesis supported
	Maruti	13.705	1.179			
H3: Satisfaction	True Value Customers	17.872	1.699	0.107	0.966	Hypothesis supported
	Maruti	17.877	1.745			
H4: Perceived service quality	True Value Customers	17.859	1.723	0.878	0.827	Hypothesis supported

	Maruti	17.836	1.636			
H5: Dealer loyalty	True Value Customers	13.204	1.665	0.000	0.000	Hypothesis not supported
	Maruti	12.795	1.957			
H6: Brand image	True Value Customers	17.809	1.643	0.944	0.990	Hypothesis supported
	Maruti	17.808	1.581			

The empirical evidence did not support the null hypotheses H1 and H5. This meant that statistically significant difference existed among the consumers of Maruti and the True Value, with respect to their loyalty towards Maruti Brand and Dealer. However, the empirical evidence supported the null hypotheses H2, H3, H4 and H6. This meant that statistically significant difference did not exist among the consumers of Maruti and the True Value, with respect to their perception of trust, satisfaction, service quality, and brand image.

The comparison of the mean scores revealed that the True Value customers had more brand loyalty and dealer loyalty towards the mother brand ‘Maruti’ than the Maruti customers.

4. DISCUSSION

The market for pre-owned cars is not well developed in India, and is mostly managed by small businesses with local footprints. Thus there was an unmet consumer need for transparent and fair evaluation process in this market, which Maruti wanted to fulfil by extending the Maruti brand (which enjoyed high trust and brand equity among the consumers) by creating a new brand “True Value”.

Literature indicated that related brand extensions are likely to derive the brand loyalty values from mother brand (Liebermann, 2000). Under the Categorization Theory, ‘the brand association of the extensions would be categorized with the previously defined schema in the consumer’s mind, which would enhance the consumers’ attitude towards brand extensions (Sujian, 1985). In case of high involvement product categories it was found that maintaining consumer brand relationships is very important (Quester and Lim, 2003). All the variables of loyalty should be emphasized clearly to maintain successful customer relationships (Yiehet al., 2007).

The significant contribution of this research is that it provides insights about attitudinal drivers of loyalty towards the brand extension and not just perceived loyalty. This was achieved by selecting customers who demonstrated their loyalty to the brand and its extension and then measuring their attitude on the antecedents like trust, satisfaction, brand image and perceived service quality and dealer loyalty.

It can be logically argued that those consumers who adopt the brand extension are only a subset of the mother brand’s consumers. This set of customers are expected to have more trust, satisfaction, perceived service quality and stronger brand image towards the brand than the overall consumer base of the brand (Aaker and Keller, 1990; Liebermann, 2000; Herr et al., 1996; and Park and Srinivasan, 1994). Therefore, the set of customers visiting the ‘True value’ showroom are likely to be the ones who have more loyalty towards Maruti, as compared to set of customers who visit the Maruti showroom. Since the loyalty constructs and its antecedents were studied, the findings were likely to be similar for all of the variables that were studied.

Our results reveal that on an average, True Value customers are significantly more brand loyal and dealer loyal towards brand ‘Maruti’ than Maruti customers. However, the results do not follow the same trend for trust, satisfaction, brand image and perceived service quality which are the antecedents of brand loyalty. This anomaly of what was expected and what was observed needs to be explored. The following questions need to be deliberated to find a solution:

- i. Is it because attitude of brand loyalty and dealer loyalty can be developed independently without changing the elements of trust, satisfaction, brand image and perceived service quality?
- ii. Is there a strong interaction effect among the variables like trust, satisfaction, brand image and perceived service quality, so that the overall impact is higher for the outcome variables of brand and dealer loyalty?
- iii. Is it that trust, satisfaction, brand image and perceived service quality are very small part of the construct of loyalty, so that discernable difference was observed only on the overall level and not the antecedents?
- iv. Is it that variables like trust, satisfaction, brand image and perceived service quality are moderated by some other variable, which has higher impact on the brand loyalty?

The results of this research may be explained by the following argument. In high involvement category like automobile, there is involvement with the brand, as well as the dealer who provide the actual sales as well as service. For all practical purposes, the parent brand Maruti is represented by the product, its quality and performance. These aspects are ensured by their standardized design and production and delivery systems, which are reasonably invariable. However, the customer's experiences are with their dealers, who provide the variable elements of sales service, price, after sales service, etc. Hence the dealer is very critically associated with the image of the brand.

In case of the extension of Maruti cars to the used car market, the variables which are important are price and the condition of the vehicle, which are essentially assured by the dealer on behalf of the car manufacturer. The capabilities of the car manufacturer in terms of their design, production and delivery system are not utilized. Hence the car dealer plays an important role and the loyalty to the dealer is the essential choice of opting for the brand extension.

Thus if we conceptualize brand loyalty to True Value, it is essentially derived from customer's loyalty to the car dealer and not the car manufacturer; the findings are easy to explain. There is support in literature for this conceptualization. [Bloemer and Lemmink \(1992\)](#) established dealer loyalty as an intervening variable in the relation between brand loyalty and satisfaction. Also, when retailers extend their brand to a new product category, for the customers whose loyalty to the parent brand is high, are likely to try the brand extension ([Reast, 2005](#)).

Thus loyalty for True Value is essentially driven by dealer loyalty and can be achieved without significant changes in attitude towards the antecedents like trust, satisfaction, brand image and perceived service quality of the Maruti brand. This conclusion is also in consonance with the findings of [Barnes \(2001\)](#), which highlights that long term satisfaction and loyalty has no relation with products or prices, rather it is related to, how the customer is treated, what he or she goes through, and ultimately how he or she feels about dealing with the organisation.

Hence our research indicates that in high involvement product categories, the role of channel intermediary may be critical in making the brand extension achieve its sales objectives. This is more so in case the role of the intermediary is significant in the sales process of the brand extension. In such cases, the loyalty behaviour is significantly related to the attitude towards the intermediary, rather than the brand antecedents like trust, satisfaction, brand image and perceived service quality towards the brand.

5. LIMITATIONS AND POTENTIAL FOR FUTURE RESEARCH

This research was conducted on one brand only. The overriding importance of the dealer loyalty (the loyalty for the intermediary) in loyalty towards brand extension can only be highlighted but not established conclusively. Hence further studies can be done in contexts where differences in the role of channel intermediaries in the sales process exist, for example for products which are distributed by multiple channel intermediaries.

This study was conducted in a product category which had significant amount of service also. Thus the drivers of loyalty towards brand extension may be different in case the relative importance of product and service in the overall offer are different. So there is need to study loyalty for brand extension in product categories where there is less role of service by the intermediary.

Also, the study had been on extension of a very popular brand. Thus the findings may not be extended to lesser known or less established brands. Comparative studies with brand extensions of popular and not so popular brands with similar role of channel intermediaries would be required to confirm the findings.

Views and opinions expressed in this study are the views and opinions of the authors, Asian Journal of Empirical Research shall not be responsible or answerable for any loss, damage or liability etc. caused in relation to/arising out of the use of the content.

References

- Aaker, D. A., & Keller, K. L. (1990). Consumer evaluations of brand extensions. *Journal of Marketing*, 27-41.
- Advertising, A. (1993). *Brand extensions take center stage*. 64 (March 8), 12-13.
- Altman, I., & Taylor, D.A. (1973). *Social penetration: The development of interpersonal relationships*. New York: Holt, Rinehart and Winston.
- Au, N., Ngai, E.W.T., & Cheng, T.C.E. (2002). A critical review of end-user information system satisfaction research and a new research framework. *Omega*, 30(6), 451-478.
- Barnes, J. G. (2001). *Secrets of customer relationship management: It's all about how you make them feel*. McGraw-Hill.
- Berry, L. L., & Parasuraman, A. (1991). *Marketing services*. New York: The Free Press.
- Berry, L. L. (1993). Playing fair in retailing. *Arthur Anderson Retailing Issues Newsletter (March)*, 5, 2.
- Bloemer, J. M., & Lemmink, J. G. (1992). The importance of customer satisfaction in explaining brand and dealer loyalty. *Journal of Marketing Management*, 8(4), 351-363.
- Bloemer, J. M., & Kasper, H. D. (1995). The complex relationship between consumer satisfaction and brand loyalty. *Journal of Economic Psychology*, 16(2), 311-329.
- Bottomley, P.A., & Doyle, J.R. (1996). The formation of attitudes towards brand extensions: Testing and generalising Aaker and Keller's Model. *International Journal of Research in Marketing*, 13, 365-377.
- Boush, D.M., & Loken, B. (1991). A process-tracing study of brand extension evaluation. *Journal of Marketing Research*, 28 (February), 16-28.
- Court, D.C., Leiter, M.G., & Loch, M.A. (1999). Brand leverage. *The McKinsey Quarterly*, 2, 101-110.
- Dick, A.S., & Basu, K. (1994). Customer loyalty: toward an integrated conceptual framework. *Journal of the Academy of Marketing Science*, 22(2), 99-113.
- Doney, P. M., & Cannon, J. P. (1997). An examination of the nature of trust in buyer-seller relationships. *The Journal of Marketing*, 35-51.
- Dwyer, F. R., & LaGace, R., R. (1986). On the nature and role of buyer-seller trust. *AMA Summer Educators Conference Proceedings*, T. Shimp et al. eds. Chicago: American Marketing Association, 40-45.
- Garbarino, E., & Johnson, M. (1999). The different role of satisfaction, trust and commitment in customer relationships. *Journal of Marketing*, 63(2), 70-87.
- Gounaris, S., & Stathakopoulos, V. (2004). Antecedents and consequences of brand loyalty: An empirical study. *The Journal of Brand Management*, 11(4), 283-306.
- Hague, P. (1993). *Questionnaire design*. Kogan Page, London.
- Herr, P.M., Earquhar, P.H., & Eazio, R.H. (1996). Impact of dominance and relatedness on brand extensions. *Journal of Consumer Psychology*, 5(2), 135-159.
- Huber, F., Herrmann, A., & Morgan, R. E. (2001). Gaining competitive advantage through customer value oriented management. *Journal of Consumer Marketing*, 18(1), 41-53.

- Ind, N. (1997). *The corporate brand*. Macmillan Press Ltd, Great Britain.
- Jacoby, J., & Chestnut, R. W. (1978). *Brand loyalty measurement and management*. New York: Wiley.
- Jacoby, J., & Kyner, D. B. (1973). Brand loyalty vs. Repeat purchase behaviour. *Journal of Marketing Research*, 10 (February), 1-9.
- Jacoby, J., & Olson, J.C. (1970). An attitudinal model of brand loyalty: Conceptual underpinnings and instrumentation research. *Purdue Paper in Consumer Psychology*, No 159.
- Johnson, M. D., Andreessen, T. W., Lervik, L., & Cha, J. (2001). The evolution and future of national customer satisfaction index models. *Journal of Economic Psychology*, 22, 217-245.
- Jones, T.O., & Sasser, E.W. (1995). Why satisfied customers defect? *Harvard Business Review*, November/December, pp.88-101.
- Kahn, B.E., & Meyer, R.J. (1991). Modelling consumer loyalty: A customer-based source of competitive advantages. In Day, G., B. Weitz and R. Wensley. *The Interface of Marketing and Strategy*. Greenwich: Connecticut, JAI Press, pp. 231-254.
- Keller, K.L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, 57, (January), 1-22.
- Keller, K.L. (1998). *Strategic brand management. Building, measuring, and managing brand equity*. Prentice Hall, New Jersey. P.635
- Keller, K.L., & Aaker, D.A. (1992). The effect of sequential introduction of brand extensions. *Journal of Marketing Research*, 29 (February), pp. 35-50.
- Larzelere, R. E., & Huston, T. L. (1980). The dyadic trust scale: Toward understanding interpersonal trust in close relationships. *Journal of Marriage and the Family*, 42 (August), 595-604.
- Leclerc, F., & Little, J. D. (1997). Can advertising copy make FSI coupons more effective?. *Journal of Marketing Research*, 473-484.
- Liebermann, Y. (2000). Membership clubs as a tool for enhancing buyers' patronage. *Journal of Business Research*, 45, 291-297.
- Loken, B., & John, D.R. (1993). Diluting brand beliefs: When do brand extensions have a negative impact? *Journal of Marketing*, 57 (July), 71-84.
- Maruti, S. (2013) [Website]. Retrieved from <http://www.marutisuzuki.com/> (Last accessed: 13 August 2010).
- Maruti True Value (2013) [Website]. Retrieved from http://www.marutitruevalue.com/AboutUs_MarutiTrueValue.aspx (Last accessed: 13 August 2010).
- McGoldrick, P.J., & Andre, E. (1997). Consumer misbehaviour: Promiscuity or loyalty in grocery shopping. *Journal of Retailing and Consumer Services*, 4(2), 73-81.
- Moorman, C., Gerald, Z., & Rohit D. (1993). Relationships between providers and users of marketing research: The dynamics of trust within and between organizations. *Journal of Marketing Research*, 29 (August), 314-329.
- Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(July), 20-38.
- O'Malley, L. (1998). Can loyalty schemes really build loyalty? *Marketing Intelligence and Planning*, 16(1), 47-55.
- Ogba, I. E., & Tan, Z. (2009). Exploring the impact of brand image on customer loyalty and commitment in China. *Journal of Technology Management in China*, 4(2), 132-144.
- Oliver, R.L. (1980). A cognitive model of the antecedence and consequences of satisfaction decisions. *Journal of Marketing Research*, 17(November), pp.460-469.
- Oliver, R.L. (1981). Measurement and evaluation of satisfaction processes in retail settings. *Journal of Retailing*, 57(3), 25-48.
- Oliver, R. L. (1999). Whence consumer loyalty? *Journal of Marketing*, 63(Special Issue), 33-44.
- Pallant, J. (2005). SPSS survival manual: A step by step guide to data analysis using SPSS for Windows (Version 10). Buckingham: Open University Press.
- Parasuraman, A., Leonard, L.B., & Zeithaml, V.A. (1991). Refinement and reassessment of the SERVQUAL scale. *Journal of Retailing*, 67(4), 420-450.
- Park, C.S., & Srinivasan, V. (1994). A survey-based method for measuring and understanding brand equity and its extendibility. *Journal of Marketing Research*, 31(May), 271- 288.

- Porter, S. S., & Claycomb, C. (1997). The influence of brand recognition on retail store image. *The Journal of Product and Brand Management*, 6, 373-384.
- Quester, P., & Lim, A. L. (2003). Product involvement/brand loyalty: Is there a link? *Journal of product & brand management*, 12(1), 22-38.
- Rangaswamy, A., Burke, R.R., & Oliva, T.A. (1994). Brand equity and the extendibility of brand names. *International Journal of Research in Marketing*, 10, 61-75.
- Reast, J. D. (2005). Brand trust and brand extension acceptance: The relationship. *Journal of Product & Brand Management*, 14(1), 4-13.
- Reichheld, F.F. (1996). *The loyalty effect*. Boston, MA: Harvard Business School Press.
- Reinartz, W., & Kumar, V. (2000). On the profitability of long-life customers in a non-contractual setting: An empirical phase and implications for marketing. *Journal of Marketing*, 64(4), 17-36.
- Rotter, J. B. (1967). A new scale for the measurement of interpersonal trust. *Journal of Personality*, 35(4), 651-65.
- Schurr, P. H., & Julie, L. O. (1985). Influences on ex-change processes: buyers' preconceptions of a seller's trustworthiness and bargaining toughness. *Journal of Consumer Research*, 11 (March), 939-953.
- Selnes, F. (1993). An examination of the effect of product performance on brand reputation, satisfaction and loyalty. *European Journal of Marketing*, 27(9), 19-35.
- Singh, J., & Sirdeshmukh, D. (2000). Agency and trust mechanisms in consumer satisfaction and loyalty judgments. *Journal of the Academy of Marketing Science*, 28(1), 150-167.
- Smith, D.C., & Park, C.W. (1992). The effects of brand extensions on market share and advertising efficiency. *Journal of Marketing Research*. 296-313
- Sujian, M. (1985) Consumer knowledge: Effects on evaluation strategies mediating consumer judgments. *Journal of Consumer Research*, 12, 31-46.
- Taylor, S. A., & Baker, T. L. (1994). An assessment of the relationship between service quality and customer satisfaction in the formation of consumers' purchase intentions. *Journal of retailing*, 70(2), 163-178.
- Verhoef, P. C., Langerak, F., & Donkers, B. (2007). Understanding brand and dealer retention in the new car market: The moderating role of brand tier. *Journal of Retailing*, 83(1), 97-113.
- Yi, Y., & Jeon, H. (2003). Effects of loyalty programmes on value perception, programme loyalty and brand loyalty. *Academy of marketing Science*, 31(3), 229-240.
- Yieh, K., Chiao, Y. C., & Chiu, Y. K. (2007). Understanding the antecedents to customer loyalty by applying structural equation modelling. *Total quality management & business excellence*, 18(3), 267-284.
- Zeithaml, V.A., Berry, L., & Parasuraman, A. (1996). The behavioural consequences of service quality. *Journal of Marketing*, 60(April) 31-46.