The Role of Consumer Innovativeness on Brand Extension Evaluation
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Abstract: This study empirically examines the role of Consumer innovativeness in deciding Consumer Acceptability of Brand Extension (CAOBE). The conceptual model of use innovative behavior is tested for the ‘Kist’ brand in Sri Lanka. The data was collected from a convenience sample of 200 ‘Kist’ brand consumers through a closed-ended questionnaire and was analyzed using univariate and bivariate techniques. The results reveal that consumer innovativeness is significant and has strong weak relationship with acceptability of brand extension and the higher consumers' innovativeness direct to much positive consumer acceptability of extended brands within the target consumers.

Key Words: Brand Extension and Consumer Innovativeness

INTRODUCTION

Over the last few decades failure rates of new product have increased tremendously; therefore, firms have reverted back to brand extension strategy to launch new brand, because of in-built advantages including its high acceptability, low promotion cost and comparatively less chances of failures (Evangeline, S.J, & Ragel, V.R, 2015). Despite these advantages still companies were facing trouble launching new brands through Brand extension. Therefore, various marketing researchers have been focusing in finding the factors that consumers use for “evaluating the brand extension”, or the factors that invariably contributes towards the failure or success of brand extension strategy.

Some researchers considered consumer innovativeness to be an important factors significantly affecting brand extension success (Clark and Goldsmith, 2006). Therefore, ‘Consumer innovativeness’ has acquired attention by recent managerial implications and product or market researchers as well.

Since, the Brand extension is a new product, category or Market from an already established brand, the novelty plays an important role in the extended category. Therefore it is important to come to know how the innovative behavior of consumers determine the acceptance of the extensions which leads to the extensions’ success.

Therefore to know the consumer behavioral factor “Innovativeness” that affect the brand extension’s success is a crucial issue for the academic researchers and the marketing practitioners.

The ‘Kist’*, a well-known brand to Sri Lankan consumers has made horizontal brand extension by extending its category from fruit based product range to
confectionary items which can make a significant impact on consumers’ perception of brand. (Source: Annual Report 2011/2012, Cargills (Ceylon) PLC, pp. 6-8).

Despite the research on consumer innovativeness for different kinds of product and extensions in other countries there is no study regarding the positive role of consumer innovativeness in the evaluation of extensions in Sri Lankan context. And there is a need arises to evaluate in regard to the also, the findings of previously discussed researches Thus, this study is going to measure the consumer innovativeness and its influences in evaluation of brand extension in regard to the brand ‘Kist’.

* Kist- This is one of the most trusted brand names in Sri Lanka from Cargills (Ceylon) PLC which is known by generations for delicious, nectar range products and popular for its genuine fruity taste. Since 2010 it is engaged in the manufacturing, distribution and marketing of biscuits and confectionaries under the same brand name as a brand extension.

**Objective of this study**

The objective of the study is to understand consumer use innovative behavior by identifying the causes of use innovative behavior and examining its causes along with those of purchase innovative behavior. Examination of the predictors for innovativeness (adoption/purchase) has a well-established research background. Therefore the general objective of this study is

Whether the Consumer Innovativeness have a significant influence on Consumer

Acceptability of Brand Extension in regard to the brand ‘Kist’?

1. **LITERATURE REVIEW**

The literature related to two topics—brand extension and Consumer innovativeness—is reviewed to obtain the conceptual framework.

1.1. **Brand Extension**

According to the Klink and Smith (2001), the success of a brand extension is largely determined by how customers evaluate and accept the extension. Therefore, by understanding innovative product usage behavior of consumers is expected the marketers would be better able to develop more effective extension strategies.

A more general definition of brand extension was given by Keller (2003), who held that “a brand extension is when a firm uses a well-known brand name to introduce a new product”. Bapat and Panwar (2009) clearly recognized three dimensions on which to evaluate brand extensions: (a) low quality/high quality; (b) not likely to try/very likely to try; and (c) failure/success

1.2. **Consumer Innovativeness**

Following the introduction of the concept innovativeness by Hirschman (1980), it has expanded its construct to other insights. One of them is ‘Consumer innovativeness’ and it has acquired attention by recent managerial implications and product or market researchers as well.

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there is no study regarding the positive role of consumer innovativeness in the evaluation of extensions in Sri Lankan context.

Hirschman (1980), defines, Consumer innovativeness is a personality trait to an individual’s receptivity to new ideas and willingness to try new practices and brands. For an instance, referring to the study of Smith and Park (1992) and Chernatony (2003), they indicate that the innovativeness reduced the risk associated with buying a new product or brand according to the level of consumer innovativeness as discussed in the last chapter. However, there has been limited research into the effects of consumer innovativeness on brand extension evaluations.

Klink and Smith, (2001) concluded that early adopters react positively to a new extension in the case of durable goods. Furthermore, the authors found consumer innovativeness as a moderating factor of similarity, stating that consumers with high degree of innovativeness do not base their extension evaluation on perceived similarity.

And also, the studies of Hem (2003) and Klink and Smith’s (2001) stated that the fast moving consumer goods and services finding positive effects of consumer innovativeness on consumers’ evaluation of brand extensions. Xie (2008) studied consumer innovativeness with regard to different types of extensions, product information and interpersonal communication. The study found that innovative consumers evaluate extensions indifferent categories more favorably than those which present a lower degree of similarity with the parent brand. In addition, the availability of product information and interpersonal communication moderate the effects of consumer innovativeness and the evaluation of extensions.

Therefore, consumers who present a high degree of innovativeness, also known as early adopters, play a very important role in the success of new products (Goldsmith and Flynn, 1992), since they are more willing to try new products and brands (Steenkamp and Baumgartner 1992), are less price sensitive, but more knowledgeable about new products and less risk averse (Rogers, 1983). Therefore, these characteristic of early adopters affect their purchase and learning processes within the marketplace.

Numbers of researchers have sought variables to better understand and predict consumer innovative behavior. Innovative behavior has been related to higher income or higher spending on products, higher product interest, higher communicated experience, and higher perceptions of innovation attributes (Labay and Kinnear 1981; Holak and Lehmann 1990; Mason and Bellenger; Reynolds and Darden 1973).

As realized the precision in the related dimensions of innovativeness in the previous studies with the certain context, this study is going to assess the influences of consumer innovativeness in brand extension evaluation based on the dimensions such as spending/ income, product interest, communication ability, innovation attributes and ability to take risk.
2. CONCEPTUAL FRAMEWORK

![Conceptual Framework Diagram]

3. METHODOLOGY

A questionnaire was formulated to carry out a survey among consumers to study the consumer innovative behavior on brand extension. The 200 respondents who participated in the study were regular users of ‘Kist’ products living in Manmunai North Divisional Secretariat (MNDS) in Batticaloa District of Sri Lanka, and were identified through convenience sampling technique. A 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree) was used to capture the responses to a set of questions.

3.1. Method of Data Analysis

Univariate analysis

In this research, mean values and standard deviation of the dimensions and variables are taken into consideration. Assessing the levels of variables and dimensions individually is the secondary objective of this study with the following criteria.

<table>
<thead>
<tr>
<th>Range for Decision Criteria</th>
<th>Decision Criteria</th>
<th>Decision Attribute</th>
</tr>
</thead>
<tbody>
<tr>
<td>$X_i &lt; -Z \sigma_x$</td>
<td>$X_i &lt; 3$</td>
<td>Low Level</td>
</tr>
<tr>
<td>$-Z \sigma_x \leq X_i \leq Z \sigma_x$</td>
<td>$X_i = 3$</td>
<td>Moderate Level</td>
</tr>
<tr>
<td>$X_i &gt; Z \sigma_x$</td>
<td>$X_i &gt; 3$</td>
<td>High Level</td>
</tr>
</tbody>
</table>

Where $X_i$ = mean value of a dimension/variable, $\sigma$ = standard deviation, $Z$ = value of the 95% confidence limit and $\sigma x$ = standard error of the mean

FINDINGS AND DISCUSSION

3.2. Descriptive Analysis

The table 2 shows that the mean values and standard deviation of dimensions and indicators of consumer innovativeness. The mean value 3.61 shows the high mean value and most of the consumers are innovative. The mean values of its dimensions are spending pattern, product interest, communication ability, innovation...
ability and risk taking ability and their mean values respectively 3.61, 3.58, 3.26, 3.75 and 3.65. And also the descriptions of indicators give more recognition of the consumer innovativeness.

The following table shows the respondents’ classification under the level created based on the decision criteria. And it shows the number of respondents who is high, moderate and low innovative and their percentages. Further the figure clearly shows that the 57% of consumers are innovative and only 9% are less innovative. And the high proportions of innovativeness impact the acceptability of this brand extension.

Table 2: Decision criteria and frequency distribution of consumer innovativeness

<table>
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<th>Criteria</th>
<th>Decision attribute</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
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<tr>
<td>1 ≤ Xi ≤ 2.5</td>
<td>Low level</td>
<td>18</td>
<td>9%</td>
</tr>
<tr>
<td>2.5 &lt; Xi ≤ 3.5</td>
<td>Moderate level</td>
<td>69</td>
<td>34.5%</td>
</tr>
<tr>
<td>3.5 &lt; Xi ≤ 5.0</td>
<td>High level</td>
<td>113</td>
<td>56.5%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>200</td>
<td>100%</td>
</tr>
</tbody>
</table>

Mean = 3.61
S.D = 0.879

The table 3 shows the decision criteria to organize the levels of consumer innovativeness and the number of respondents and their percentage which shows the level mostly accepted by the consumers. The following pie chart shows

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these responses more precisely in easily understandable form.

Figure 1: Pie chart for consumer innovativeness
(Source: Survey Data)

3.3. Hypothesis Analysis

H1: The higher consumers' innovativeness, the more positive consumer acceptability of extended brands.

The above table summarized regression results for hypothesis. This gives the model summary of H1 which shows that F < 0, meaning it was significant. Moreover, all the P values were less than .05, further confirming the relationship of the model. The R² was .219, which indicated that 22% of the variance in consumer acceptability of brand extension is explained by predictor variable.

<table>
<thead>
<tr>
<th>R²</th>
<th>Sig. F Change</th>
<th>Standardized coefficient Beta</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.219</td>
<td>.000</td>
<td>0.468</td>
<td>.000</td>
</tr>
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</table>

For brand ‘Kist’, the coefficient of consumer innovativeness is significant and has strong weak relationship with the dependent variable ‘acceptability of brand extension’ by being the beta as 0.468. Hence, H1 is accepted and can conclude that the higher consumers' innovativeness, the more positive consumer acceptability of extended brands.

4. CONCLUSION
The table 2 shows the construction of variable ‘Consumer innovativeness’ with its dimensions ‘spending pattern’, ‘product interest’, ‘communication ability’, ‘innovation ability’ and ‘risk taking ability’ as well as with its indicators. Conferring to the findings the mean value and standard deviation of consumer innovativeness are 3.61 and 0.52 respectively. The dimension ‘spending pattern’ has the higher mean value (3.84) than others and also the indicator of spending pattern the ‘income level’ is significant with the mean value 4.24 than the other indicators.

This finding shows the consumers who are receptivity to new ideas and willingness to try new practices and brands accept the extension and their spending pattern especially the income level contributes to the high acceptance of this extension. This is supported by Steenkamp and Baumgartner (1992) and Rogers (1983), which indicated that the consumers who are more willing to try new products and brands, are less price sensitive, but more knowledgeable about new products and less risk averse.

Moreover, Consumers in the survey show sound economic state in the form of income levels and spending pattern. This sufficiency in monetary condition contributes more to their innovativeness. This is because, the extension does not cost high and less significant in the spending behavior. And the consumers of this context are less price sensitive comparing to other sectors such as industrial or service.

Accompanied by, interestingly consumer innovativeness seems not to be of equal importance for the brand extension evaluation in this brand sample compared with other categories clearly demonstrates that, consumer products do not evoke more symbolic meaning. When consumers make purchase decision of FMCG products, they consider product related attributes such as the quality and other tangible aspects regardless their decision-making is more based on the intangible aspects and technological innovation. Although consumers confirm the innovativeness in the purchasing, their innovativeness does not contribute to determine the brand extension acceptability and the
relationship between variable consumer innovativeness and overall evaluation for consumer acceptance has been found to be moderate. Therefore, the different attributes of consumer goods make the innovative consumers to influence on consumer acceptability at lower level as discussed in the previous chapter.

5. REFERENCES


