CITY UNIVERSITY OF HONG KONG

A Strategic Assessment Model of Brand Extensions of Consumer Electronics Brands: An Integrated Quantitative and Qualitative Study

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by

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**ABSTRACT**

The aim of this research is to formulate a consumer electronics brand extension assessment model (C-BEAM) that captures the key factors of brand extension success (i.e., original brand attitude, perceived quality of the original brand, and the perceived fit between the original brand and extension product in different dimensions). The C-BEAM is intended to serve primarily for an US-based consumer electronics firm, namely Maxpower, which has sponsored and supported this research.

An integrated approach of mixing both quantitative and qualitative research methods had been used in the current study. In this research, quantitative study had included data collection via extensive structured surveys. The collected quantitative data was analyzed by using multiple regression analysis in order to examine any relationships that could provide justification to the hypotheses generated.

Concerning qualitative works, they consisted of: 1) focus group study under a real brand extension scenario as principle source of qualitative data; and 2) in-depth interviews with interviewees with different backgrounds in the consumer electronics field as the second source.

Qualitative findings acquired from the focus group study and in-depth interviews had been used as supplementary support to the quantitative findings.

The following findings are drawn from this integrated quantitative and qualitative research:

1. The direct effects of original brand attitude, perceived quality of the original brand, and perceived fit between the original and new products positively affect the consumers’ evaluations of brand extensions.
2. Brand familiarity has no specific sign of direct effect on the overall evaluation of the extension products.
3. Perceived fit between the original and new products is the most important factor contributing to favorable evaluations on brand extensions.
4. Feature and know-how are the two brand extension dimensions that are more likely to drive brand extension success.

Based on the overall research findings of this study, the C-BEAM has then been developed. After the development of the C-BEAM, a pilot application of the C-BEAM in
real brand extension cases of Maxpower was undertaken as part of this research in order to validate the model.

Having referred to the model developed, the product/brand managers of Maxpower are able to evaluate the relative extendibility of their brand name by taking their existing brand characteristics and value into account. Therefore, they are given certain references to decide on the kinds of new products their brand should extend to during the opportunity identification phase of the new product development process. A “go” or “no go” decision can then be made by the product/brand managers of the firm according to what have been indicated by the model.
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