

CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

This chapter explains about the findings that has been explained on previous chapter and will elaborate more on the conclusions, managerial implications, limitations, and suggestions for future research. The study observed the understanding of perceived fit and parent brand type towards consumers' attitude in Jakarta. This study set out to conceptualize how perceived fit and parent brand type influenced on consumers' attitude and parent brand equity in Jakarta. The main finding of this study is indicating different customer's responses to extension and effects on parent brand equity. From the result, we can see that brand extension with high fit receive more favorable consumer evaluations and decrease the negative feedback effects of extensions on parent brand equity. Result also tells that the parent brand equity dilution is higher when the brand use to launch the extension has high equity. In addition, consumers' attitude towards extension is influenced by the type of parent brand (high or medium equity brand). This study it's actually a replication from the previous research conducted by Isabel Buil, Leslie de Chernatony, and Leif E. Hem on October 2007 in Spain, UK, and Norway. This research adapts from the previous study and conducted in Indonesian settings because the author live and study in Indonesia. On the other hand, it's deemed important to know whether the framework used in previous research is applicable in Indonesia context. According Yadi Budhisetiawan, Managing Director of Force One "Selling &

Distribution Consultant stated that to build brand awareness of new products before the financial crisis required advertising costs average Rp 2 -3 billion, whereas after the crisis required advertising costs increased to average from 6 – 8 billion. This condition would make companies think twice in launching new products using brand new products. So the strategy of brand extension is one alternative in anticipate condition of Indonesian context. This research used four variables out of six variables which previously contained in the framework by Isabel Buil, Leslie de Chernatony, and Leif E. Hem on October 2007 in Spain, UK, and Norway. The variables included perceived fit, brand type, consumers' attitude towards brand extension, and parent brand equity.

Out of four hypotheses, all of them were accepted, because of consumers' attitude towards brand extensions is influenced by the type of parent brand (high or medium equity brand such as Nike and Adidas), contrast with the pervious study result. There is significant difference from the respondents in responding the parent brand type variable before and after the extension. During the research progress, the author used several analysis methods namely: Reliability and Validity Check by Cronbach's Alpha and Pearson Correlation, One Way ANOVA, and independent sample t-test. Data were gathered from 200 respondents by distributing offline and online questionnaire which can be accessed through given URLs:

Questionnaire Type A (Nike + Personal Care)

<https://spreadsheets.google.com/viewform?formkey=dHhHaUdBUXBtV3pMeHJYU3pFOGhZdFE6MQ>

Questionnaire Type B (Nike + Sports Drink)

<https://spreadsheets.google.com/viewform?formkey=dFBMM29McIFzNWdfRmFFX3lHa1haX2c6MQ>

Questionnaire Type C (Adidas + Personal Care)

<https://spreadsheets1.google.com/viewform?formkey=dDRuc1ludzQxbEtRV2dFVHE4Y1c2QUE6MQ>

Questionnaire Type D (Adidas + Sports Drink)

<https://spreadsheets.google.com/viewform?formkey=dFFVLWRnTHlYRVlzeUtUUXp2Yy11Tmc6MQ>

The result shows that all the hypotheses were accepted. As stated earlier in chapter 1, there are 3 aims to be achieved in this study, which are:

- a. To examine the impact of perceived fit and brand type, to the customer's attitude towards brand extensions and on the parent brand equity.
- b. To find out how big the willingness of consumer to buy extensions product.
- c. To empirically examine consumer evaluations of extension and feedback effects on the parent brand equity.

5.2 Managerial Implications

During the writing process, the author has resulted findings that will be useful in the future as implications and it is expected to be beneficial to those who are willing to participate in brand extension strategy. Brand Extensions are a popular brand strategy to launch new products. This strategy enables companies to leverage the equity associated with the parent brand, reducing the costs of new product introduction and potentially reducing the risk of new product failure. These are several implications from this study. Brand extensions are seen by many companies as one of the easiest and least costly strategies to launch new products, on the other hand, our study has demonstrated that brand extension's result differ according to several factors.

- First, managers should focus on maintaining a coherent image and ensuring a high degree of similarity with other products of the firm when launching an extension. If consumers perceive a high fit, beliefs and affect associated with the parent brand will be transferred to the extension, thus reducing the potential negative effects on the parent brand and increasing a positive attitude towards the extension. This result is consistent with extant research indicating that perceived fit is one of the most important determinants of brand extension success (Aaker and Keller, 1990; Vořlckner and Sattler, 2006). Therefore, if companies cannot guarantee a high level of perceived fit, managers should consider other options such as using two brand names (Park et al., 1993; Milberg et al., 1997; Grime et al., 2002) or creating a new brand.

- Second, our study found a significant effect of the brand type used to launch the extension on parent brand equity. It implies that the potential positive influence of brand extension strategies on parent brand equity for high equity brands are greater compared to those of medium equity brands. Therefore, the challenge for managers of high equity brands is to exploit the brand equity of the parent brand but avoid damaging it. If the extension produces a dilution effect, it is probable that strong brands are more likely to be adversely affected. More care is therefore needed with these strong brands.

5.3 Limitations

This study, just like other research also has limitations, covering time, space, and budgets to achieve the finishing of this study on time, some limitations are:

1. The number of respondents used in this study is 200 respondents and only in Indonesia especially Jakarta. The range age of the respondent is between 16-25 years old which the primary target of sports brand consumers.
2. In terms of scope, this research is different than in the original journal. The previous study conducted in three different countries; however the author conducted this research only in his hometown. The reason is to simplify the process of thesis writing due time constraints without losing the insights expected from the research.

3. The experimental nature of the study boundary the number of products, brands and extension categories included.
4. In terms of method, this research used judgmental which part of non-probability sampling. This sampling method was chosen the respondent that often does the sports more than once a week.
5. This research use of students was appropriate for the characteristics of the brands and product category of the study

5.4 Future Research Recommendation

The author recommended the following for future research:

1. For future research, the scope of research need to size up. Other big cities in Indonesia such as Medan, Bandung, Surabaya, or even other countries that should be include in the research to give different response regarding consumers' attitude in from many areas and reponse.
2. Future research must carry out a more in-depth analysis to understand the effect of different culture.

3. For future research should consider the extent to which the relations analysed may occur in other products and services, brands with higher differences in their brand equity or extension categories.
4. Further research could be done in other geographical areas, with more in-depth analysis to understand the effect of culture.
5. Further research should use a representative sample. Generalized from student samples to non-student samples.