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Risk Perceptions and Brand Extension Success: Just Another Antecedent or One that Shapes the Effects of Others? - Study of Examples in Textiles and Clothing

Abstract

This research examines the role of risk perceptions on the success likelihood of brand extensions. Prior research has focused on two main factors as driving the brand extension success: brand loyalty and the perceived fit between the brand and extension product. However, the role of purchasing risk perceptions (physical, financial, psychological, etc.) in driving the brand extension success has not been discussed adequately in the literature. This study posits that (1) risk perceptions explain substantial incremental variance (in addition to those explained by brand loyalty and perceived fit of the extension) in consumers' willingness to purchase (WTP) measures and (2) risk perceptions also moderate the effects of brand loyalty and perceived fit on WTP. These suggestions were tested separately for children's products and parents' products. The results indicate that the effects of the perceived fit on WTP are higher in high risk situations than those in low risk situations only when parents purchase an extension product for the use of their children.

Key words: *risk perceptions, brand extension, brand loyalty, perceived fit, willingness to purchase.*

Introduction

Since Raymond A. Bauer first introduced the notion of perceived risk in the 1960's into marketing literature [1], a large number of researchers have focused on the considerable power of risk perception on consumer behaviours. However, previous studies dealing with the success of brand extension have amazingly paid little attention to the role of risk perceptions in consumers' evaluations. In literature, the strategy of brand extension is defined as the use of a known brand to market a new product that differs from existing ones [2]. Consumers who purchase an extension product experience uncertainty about the consequences of the purchase. Emerging in the form of negative feelings (anxiety, discomfort etc.), perceived risk is most strongly felt when consumers cannot be certain if planned purchasing will be able to meet some of their chief goals [3]. If so, then we expect that consumers' willingness to purchase an extension product will vary depending upon the perceived risk associated with a new purchase. Risk perception, however, is not the only antecedent attached to the willingness to purchase (WTP); perceived fit and brand loyalty are also key antecedents of WTP. Our aim was to examine how the perceived risk shapes the effects of the perceived fit and brand loyalty on consumers' WTP.

This survey was about hypothetical extension products that would be launched by a textile brand familiar to consumers in Turkey. We collected data from individual consumers with at least one child younger than six. We aimed to observe their responses to brand extension, i.e. willingness to purchase and therefore obtain the measures of brand loyalty, perceived fit between the extension product and the brand, and risk perceptions associated with the purchasing of a brand extension.

The paper is organised in three sections below. In the first section, we present a research model suggesting relational links between the perceived risk, brand loyalty, perceived fit and willingness to purchase. After explaining the research procedure, in section 2 we test the hypotheses extracted from the research model separately at the level of different product users (parents and children). Finally we discuss the results theoretically along with some suggestions for practitioners in the field.

Conceptual background and hypothesis H_1 - H_5

This study is aimed at explaining that the key success factors in brand extension should be general and could be adapted to the clothing and textile industry. As was said by Engström and Svedman (2011) [4], there are plenty of references to branding and brand extensions. However, it has been hard to find relevant literature focusing on the clothing and textile industry. The theoretical framework is based on all well-known research within the brand extension context.

In explaining consumers' willingness to purchase an extension product, the study deals with three constructs: perceived risk, brand loyalty, and perceived fit. Like risk perceptions, brand loyalty and perceived similarity also appear to be complex multi-dimensional constructs. Brand loyalty is separated into three dimensions composed of behavioral, evaluative and emotive brand loyalty [5]. Perceived similarity is also complex in nature, which is simply based upon four dimensions including feature-based similarity, usage-based similarity, brand-concept similarity, and goal-based similarity

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Performance risk
the risk that a product does not work as expected by the consumer,
Physical risk
the risk that a product is harmful to consumers' health and safety [11],
Social risk
the risk that the purchase consumers make is not approved by their partner, relatives or friends,
Financial risk
the risk that the consumer loses his or her money thanks to dissatisfied purchasing,
the risk that consumers pay more for a product assuming to attain more benefits,
the risk that it is money wasted in the event of the return or exchange of the product if the consumer is not satisfied with it,
the risk of perceived monetary loss as a result the consumer becoming aware that the same product is sold at a lower price after having purchased it,
Time risk
the risk that time spent in searching for a product will be lost if it does not perform as well as expected,
the risk that there will be additional time wasted on replacing or repairing a broken product,
Psychological risk
the risk that consumers experience anxiety or psychological discomfort arising from affective reactions such as worry and regret from purchasing and using the product [15].

[6]. Because the research is centered on the role of risk perceptions on the success likelihood of brand extensions, the author deliberately simplifies the others. As for risk perception, it includes the following six dimensions: financial, time (or convenience), performance, physical, psychological, and social risks.

Perceived risk

Following the approach of Conchar et al. (2004) [7], perceived risk is defined as a decision maker's importance-weighted subjective assessment of the expected value of inherent risk in each of the possible choice alternatives for a given decision goal. Similarly, Yeung and Morris (2006) [8] defined risk perception as the individual judgement of the likelihood that a consequent loss could occur and the seriousness of its likely consequences. In literature, the construct of risk is specified with two major components: (1) the probability of loss and (2) the importance of loss expected in decisions under uncertainty [9, 10 - p. 6]. The likelihood that one loss or many occur in any purchase, referring to uncertainty associated with loss, will be most probably not same to each consumer because the emergence of risk perceptions is based upon the range of his or her own thoughts or evaluations. A number of researchers view perceived risk as a multidimensional concept that encompasses six different types of losses: financial, time (or convenience), performance, physical, psychological, and social risks (a description of each is shown below in *Table 1*) [i.e. 7]. Each refers to a negative consequence thought to occur whenever a consumer makes a poor

brand choice. Risk importance, as the other risk component, is the result of consumers' judgements as to how important losses expected are in situations where it is a risky purchasing decision. Like risk probability the importance weight is also consumer-specific: hence, each loss will carry different weights under consumer perceptions [7, 9]. Accordingly as a multiplicative function of the probability and the importance of loss expected from extension product purchase and use, risk perception is subjective in nature.

Of previous studies dealing with perceived risk in different contexts, Cox and Rich (1964) [3] found that telephone shopping is perceived as risky on account of uncertainty caused by not inspecting and testing the product to be purchased. According to the work of Mitchell and Boustani documented in 1994 [19], there exist significant differences in the level of perceived risk between non-purchasers and purchasers of a product, and consumers who experience the product perceive it relatively less risky. In the brand extension-context, Delvecchio and Smith (2005) [20] argued that brand extension price premiums accrue in part due to the ability of a known brand to reduce the perceived risk the consumers experience in making purchase decisions.

The "subjective" expectancy-value theory proposes that an overall judgement of the object or act is formed contingent upon beliefs and evaluation toward the consequences or attributes linked to the object or act. The expectancy-value judgement so formed then influences

one's attitude toward the act or object [15 - p. 215, 21 - pp. 106; 108; 109; 22]. In this study, one's attitude toward brand extension is measured using her/his willingness to purchase an extension product. Perceived risk refers to negative consequences expected from purchasing a extension product, and thus, based on the expectancy-value theory, we claim that consumers' risk perception of the extension product they will purchase is inversely related to their willingness to purchase it.

H_1: The greater the perceived risk of the extension product, the lower the consumers' willingness to purchase the extension product.

Brand loyalty

A wide range of researchers have attempted to state a clear conceptual definition of this concept for a long time [i.e. 18; 19]. According to the most prevalent explanation among several researchers dealing with this issue, loyalty encompasses both favourable attitude and repeat purchase [i.e. 15 - p. 53, 18 - 21]. In the same way, we prefer to use the definition of loyalty based on these attitudinal and behavioural components. Accordingly, following Oliver's approach (1999) [21], we conceptualise loyalty as "a deeply held commitment to rebuy or re-patronise a preferred product/service consistently in the future, thereby causing repetitive same brand or same brandset purchasing, despite situational influences and marketing efforts that have the potential to cause switching behaviour."

Prior research on brand extension has suggested several elements of the brand as specific factors contributing the success of brand extension, for example attitude towards the parent or extended brand [2], the quality (strength) of the parent brand [22], the brand affect [23, 24], brand-specific associations [25], brand trust [24] and so forth. However, we are aware of a lack of investigations on the effect of brand loyalty on consumer evaluations of brand extension, apart from the work of Hem and Iversen (2003) [26], who found loyal behavioural intention towards the parent brand as important for achieving a positive evaluation of brand extensions.

Evaluative consistency theory proposes that people benefit from available information (prior evaluations and brand

features) to make an inference about an object they have no knowledge of (a new product) [25, 27]. If so, consumers may evaluate an extension product for which no information is available depending upon their overall evaluations toward the brand and/or its other attribute values. According to the theory of umbrella branding by Erdem (1998) [28], under uncertainty about the quality of an extension product consumers use their experience with the extended brand's existing products, also supported by prior studies [i.e. 29, 30]. For example, Tse (1999) [31] showed that the brand name is an important factor affecting perceived product safety because well-known brands often base their reputation on a high standard of product quality. As stated by a wide large of studies, when consumers have a favourable attitude toward the brand, they tend to evaluate extensions positively [i.e. 2; 23; 32]. Similarly we set forth that consumers' willingness to purchase an extension product is associated with loyalty derived from the positive affect and beliefs which consumers have about the extended brand.

H_2: Brand loyalty will have a positive effect on consumers' willingness to purchase an extension product.

Additionally we suggest that consumers may have a heavy propensity to choose brands that hold favourable beliefs and affect in situations where purchasing risk is perceived as high. As such, to be involved in risk perceptions motivates individuals to *re-purchase* a brand they have tried before when purchasing an extension product. Therefore, we expect that:

H_3: The effect of brand loyalty on consumers' willingness to purchase an extension product will increase when the perceived risk of the extension product increases.

Perceived fit

Perceived fit is interpreted as the degree of similarity or coherence between the extension product and extended brand [6]. Following the approach of Markman and Gentner (2001) [33], we can state that the perceived similarity or fit between at least two objects develops through the categorisation process regarding how people classify them in a certain category. Similarly consumers believe that two or more products belong
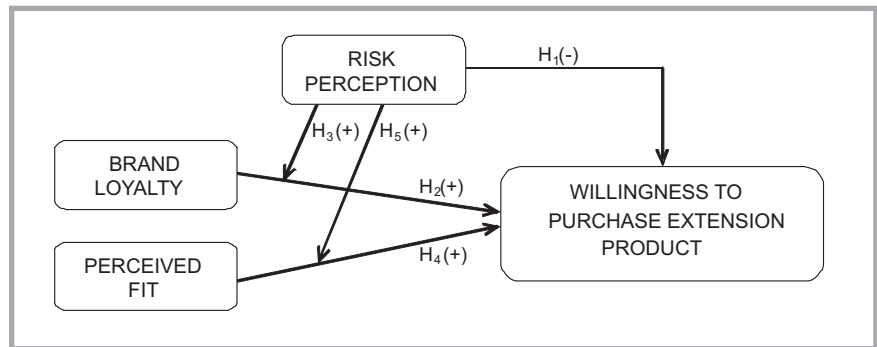

Figure 1. Research model.

to the same category when sharing common category features [34]. When the extension product is viewed as a member of the extended brand's category, it seems to be sufficient for the incidence of fit between them.

A considerable number of researchers indicate that fit or similarity perceptions have a strong effect on consumers' attitude toward the extension product [i.e. 2, 6, 35]. The perceived fit facilitates the transfer of knowledge and/or affect from the brand to the extension category [6, 32, 34, 36]. The greater the "fit" the more likely it is to judge an extension product positively [i.e. 37] on condition that the extended brand holds favourable evaluations [2]. As a result, consumers' willingness to purchase an extension product increases with a better fit perceived between the existing and extension products of the brand. Accordingly,

H_4: The greater the perception of fit or similarity between the brand and extension product, the higher the consumers' willingness to purchase the extension product.

In this study we also suggest that individuals more apply fit perceptions in evaluating brand extension since they seek a brand that holds a favorable attitude under risk or uncertainty. As such, when purchasing is highly perceived as risky, consumers are more willing to purchase an extension product, where their belief and knowledge about the extended brand is easily transferred to this product. Therefore, we expect that:

H_5: The effect of perceived fit on consumers' willingness to purchase an extension product will increase when the perceived risk thereof increases.

Method

On the basis of theoretical and empirical results in the area, we proposed a research model involving the main and interaction effects of perceived fit, brand loyalty, and overall risk perception on consumers' WTP of a brand extension (see *Figure 1*). Accordingly we hypothesied that willingness to purchase is positively influenced by brand loyalty and perceived fit, but negatively influenced by the overall risk perception (H_2, H_4 and H_1, respectively). For the moderating effects, we hypothesised that the positive effect of perceived fit and brand loyalty on WTP would become stronger as the level of perceived risk associated with the purchasing of extension products increases (H_5 and H_3, respectively). The responding parents were asked to evaluate two separate extensions of a known brand: one for their own use and one for the use of their children. From this, it was expected that the hypothesised effects of overall risk perception, both direct and moderating in nature, would be stronger for children's products than for the parents' own products.

Data collection and sample description

The questionnaires were distributed to parents with children going to 17 different pre-school institutions (eight state and nine private schools) in Turkey. The convenience sampling method was used for data collection, but the questionnaires involving different brand extension examples were randomly assigned to each participant. After unusable questionnaires were separated, a total of 367 samples remained with a return rate of 76%. Because each respondent evaluated two distinct extensions corresponding to different product users, the number of subjects within each analysis reached 734 (367×2).

The sample ranged in age from 21 to 56 years, with a mean age of 36 years (standard deviation = 5.7), containing 164 fathers and 200 mothers. The monthly income in each household was in the 550 TL - 14000 TL (178 EUR – 4533 EUR) range, with the mean being 3400 TL (1100 EUR) (standard deviation = 2654) (1 Euro = 3.0882 TL). The level of education was as follows: a doctorate degree - 1.7%, a master's degree - 5.8%, a bachelor's degree - 38.2%, and below the level of bachelor's - 54.3%.

Selection of brand name and extension products

A brand with high familiarity was selected because it would generate positive associations for consumers, i.e. more greatly liked. To determine a brand familiar to the subjects (60), participants in the pre-test were asked to answer the question "what is the brand name that first comes to mind" [38] after they were given a set of textile products.

Previous brand extension studies more focused on women's and men's fashion clothing industry. Children's wear is also an important industry since it has growth potential and could see huge development in the future in Turkey [as in China, i.e. 39]. This study was interested in both in order to specify differences between the various end-users across the hypothesised relationships. Thus hypothetical extension examples were selected for two separate users (parents and children). This selection process was also attached to two more stipulations: First, new products were different from existing products affiliated with the brand, depending upon the strategy of the brand extension. Second, the products were also chosen to observe consumers' first reaction to the purchasing of extension products without any experience, which could attenuate the effect of perceived risk on their evaluations of brand extension. To determine extension products with a high risk, we conducted a focus group interview with 6 subjects, six face-to-face interviews, and a mini-questionnaire with 154 subjects. Consequently the products for parents' own use were a swimming suit, underwear and a leather jacket, and the products for children's use were a special birthday dress, a car seat, and sunglasses. Besides a few, all products were clothing. Likewise the brand to be extended was a well-known national brand in the textile and clothing industry.

Measurements

All questions were determined using the 5-point Likert-scale anchored at 1 (disagree at all) and 5 (completely agree). The reliability and validity of the scales in the study were confirmed by means of Cronbach's alpha (α) and exploratory factor analyses, in turn. Afterwards, we used them in further analyses after averaging all measurements for the construct with multi-items. The measurements in this study were adapted from several previous studies: four items for brand loyalty ($\alpha = 0.86$) [40], a single item for perceived fit/similarity between the extension and the brand [2], a single item measure of WTP as a dependent variable [41], seven items for risk probability [42], and a single item for risk importance [9]. All measurement items for the relative construct are shown in *Appendix A*. A pretest with 18 subjects was applied to make the questions as clear as possible.

Based on literature, we examined six different negative consequences as perceived risks in purchasing extension products, namely psychological, financial, social, time, physical and performance [43]. Accordingly respondents were asked to assess the subjective probability and perceived importance of risk for all the negative consequences. Then the risk measure of each brand extension example was calculated by multiplying the two indicators (risk probability×risk importance) [44]. Finally for the overall risk perception involved in the analyses, we used the measures obtained by averaging the summation of the arithmetic of all the resultant multiplication. This calculation was done separately for two products, that is, one was for parent's own use and the other was for children's use. The reliability coefficient of the overall risk scale reached 0.82 (α). An exploratory factor analysis indicated that all measures (all the resultant multiplication) for the construct of overall risk perception were loaded on a single factor, with loadings between 0.60 and 0.79, which was consistent with our prediction. The total variance explained in the overall risk corresponded to 50.93%. As intended, all indicators used for measuring brand loyalty were loaded on a single factor according to the result of the exploratory factor analysis (loadings ranged from 0.80 and 0.87), and total variance explained for it equalled 70.23%.

■ Analysis and results

Correlation analyses were applied to examine what relationships exist between the willingness to purchase and the other variables in the research model. Descriptive statistics and correlation coefficients among all study variables are shown in tables. Afterwards to address hypothesised direct and moderating effects, a hierarchical regression analysis was carried out, the results of which are reported below by examining standardised regression coefficients and t-statistics. Accordingly in the research model, the dependent variable was consumers' willingness to purchase brand extensions. When independent variables were presented by following the hypotheses illustrated in *Figure 1*, the first variable was brand loyalty from H_2, the second variable – the perceived fit between the brand and extension products from H_4, and the last one was the overall risk perception from H_1. In addition, there existed two interaction terms identified as "Risk×Fit" and "Risk×Loyalty". The former reflects the interaction of consumers' overall risk perception with the perceived fit (H_5), and the latter refers to the interaction of overall risk perception with brand loyalty (H_3).

We entered brand loyalty and perceived fit as independent variables in the first step of the regressions to obtain their direct effects on WTP. In the second step, the overall risk measure was added in regressions along with these variables in order to test its direct effect on WTP by controlling the effects of brand loyalty and perceived fit. In addition to the direct effects tested, we performed hierarchical regression analyses to explore the moderating effects by entering interaction terms (Risk×Fit and Risk×Loyalty) in the third step of regressions. Both correlation and regression analyses were conducted for two different product users, the results of which are presented separately below. Firstly the results were reported for parent product users (see *Tables 2* and *3*).

Brand loyalty: The effect of brand loyalty on WTP for brand extension was positive, with a β of 0.180, significant at the 0.01 level, according to the results of the first step in the regression. The result of the regression observed for brand loyalty was supported by the significant ($p < 0.01$) and positive correlation between brand loyalty and WTP at 0.277.

Perceived fit: The perceived fit had a significant (p < 0.01) and positive effect on WTP, with the magnitude of this effect found as 0.268 (beta coefficient), which came from the first step in the regression. The results were supported by the significant (p < 0.01) and positive correlation coefficient of 0.187 that was between the perceived fit and WTP.

Overall risk perception: The β coefficient for the overall risk variable was significant at the 0.01 level with sign in the predicted direction, with its effect on WTP at a magnitude of -0.164 (negative), as can be seen in the results obtained in the second step of the regression. A significant (p < 0.01) and negative correlation coefficient of 0.199 with WTP provided support for this result.

When the significant beta coefficients were compared with brand loyalty, perceived fit and overall risk, it seemed to be that the direct effect of perceived fit on WTP was higher than the others. Furthermore the effect with the lowest level among them belonged to the overall risk variable (β = 0.253 > β = 0.168 > β = -0.164; p < 0.01, as can be seen in the second step of the regression).

Brand loyalty and perceived fit jointly accounted for 10.6% of the variance in WTP (see the result for R^2 from the first step in the regression). When the overall risk variable was involved in the model, the increment in R^2 from the first to the second step was 2.7%, thus its direct effect on WTP appeared to be substantial. Additionally the effects of brand loyalty and perceived fit on WTP remained significant even when the overall risk was included in the model; but it seemed to decrease their effects.

Moderating effects: The beta coefficients for the interactions of the overall risk with perceived fit and brand loyalty were both insignificant (p > 0.10), which came from the third step in the regression.

Secondly the results were reported for child product users (see **Tables 4** and **5**).

Brand loyalty: A significant (p < 0.01) and positive β of 0.292 for brand loyalty confirmed that the direct effect of brand loyalty on WTP for brand extensions (see the results obtained from step 1 in the regression). The result was supported by a significant (p < 0.01) and positive correlation between these two variables at 0.291.

Table 2. *Descriptive statistics and correlation coefficients of products for parents' own use; the level of significant for Pearson's correlation coefficient: *p < 0.05, **p < 0.01, N - the number of persons surveyed excluding cases with missing values for any variable used.*

Variables	Descriptive statistics			Correlation coefficients (r)			
	N	Mean	Standard deviation	WTP	BL	FIT	RISK
Willingness to purchase (WTP)	724	3.19	1.27	1			
Brand loyalty (BL)	732	2.85	1.10	0.277**	1		
Perceived fit (FIT)	725	2.17	1.34	0.187**	0.030	1	
Overall risk perception (RISK)	727	8.14	5.06	-0.199**	-0.091*	-0.078*	1

Table 3. *Results of hierarchical regression analysis of products for parents' own use; **Dependent variable**: Willingness to purchase (WTP), the level of significance for regression coefficients (two tailed) and R^2 values: *p < 0.10, ** p < 0.05, ***p < 0.01, β - standardized regression coefficient, R^2 determinant coefficient, fd - the degree of freedom, Std. - standardized statistics are based on cases with no missing values for any variable used.*

Step	Independent variables	Std. beta coefficient (β)	t-value	Significant
1	Brand loyalty (BL)	0.180***	5.074	0.000
	Perceived fit (FIT)	0.268***	7.552	0.000
	$R^2_{(1)}$, $F_{(1)fd1;fd2}$	$R^2_{(1)}$ = 0.106, $F_{(2;712)}$ = 42.394 p < 0.01		
2	Brand loyalty (BL)	0.168***	4.788	0.000
	Perceived fit (FIT)	0.253***	7.225	0.000
	Overall risk perception (RISK)	-00.164***	-4.662	0.000
	R-square change (step 1 → step 2)	=0.027 p < 0.01		
3	Brand loyalty (BL)	0.141**	2.188	0.029
	Perceived fit (FIT)	0.263***	4.206	0.000
	Overall risk perception (RISK)	-0.175*	-1.695	0.090
	Risk*fit (RISK*FIT)	0.041	0.497	0.620
	Risk*loyalty (RISK*BL)	-0.021	-0.211	0.833
	R-square change (step 2 → step 3)	= 0.000 p = 0.872		

Table 4. *Descriptive statistics and correlation coefficients of products for children's use; the level of significance for Pearson's correlation coefficient: *p < 0.05, **p < 0.01, N - the number of persons surveyed excluding cases with missing values for any variable used.*

Variables	Descriptive statistics			Correlation coefficients (r)			
	N	Mean	Standard deviation	WTP	BL	FIT	RISK
Willingness to purchase (WTP)	729	2.98	1.21	1			
Brand loyalty (BL)	732	2.85	1.10	0.291**	1		
Perceived fit (FIT)	728	1.63	1.01	0.046	0.020	1	
Overall risk perception (RISK)	730	9.19	5.26	-0.209**	-0.102**	0.050	1

Table 5. *Results of hierarchical regression analysis of products for children's use; **Dependent variable**: Willingness to purchase (WTP), the level of significance for regression coefficients (two tailed) and R^2 values: *p < 0.10, **p < 0.05, ***p < 0.01, β: Standardised regression coefficient, R^2 - determinant coefficient, fd - the degree of freedom, Std. - standardised statistics are based on cases with no missing values for any variable used.*

Step	Independent variables	Std. beta coefficient (β)	t-value	Significant
1	Brand loyalty (BL)	0.292***	8.207	0.000
	Perceived fit (FIT)	0.040	1.128	0.130
	$R^2_{(1)}$, $F_{(1)fd1;fd2}$	$R^2_{(1)}$ = 0.088, $F_{(2;720)}$ = 34.527 p < 0.01		
2	Brand loyalty (BL)	0.274***	7.790	0.000
	Perceived fit (FIT)	0.050*	1.421	0.078
	Overall risk perception (RISK)	-0.185***	-5.254	0.000
	R-square change (step 1 → step 2)	= 0.034 p < 0.01		
3	Brand loyalty (BL)	0.291***	4.301	0.000
	Perceived fit (FIT)	-0.040	-0.538	0.295
	Overall risk perception (RISK)	-0.234**	-2.233	0.013
	Risk*Fit (RISK*FIT)	0.129*	1.376	0.084
	Risk*Loyalty (RISK*BL)	-0.032	-0.307	0.379
	R-square change (step 2 → step 3)	= 0.002 p = 0.379		

Table 6. *General summary of hypotheses.*

Hypothesis	Hypothesis verified product group	
	parent	children
H₁: The greater the perceived risk of the extension product, the lower the consumers' willingness to purchase it .	YES	YES
H₂: Brand loyalty will have a positive effect on consumers' willingness to purchase an extension product.	YES	YES
H₃: The effect of brand loyalty on consumers 'willingness to purchase of an extension product will increase when the perceived risk of the extension product increases.	NO	NO
H₄: The greater the perception of fit or similarity between the brand and extension product, the higher the consumers' willingness to purchase the extension product.	YES	NO
H₅: The effect of perceived fit on the consumers' willingness to purchase an extension product will increase when the perceived risk of it increases.	NO	YES

Perceived fit: No statistically significant effect of the perceived fit on WTP was found in the first step in the regression (p > 0.10), which was consistent with the result of the correlation analysis, reflecting that there was no significant relationship between the two variables.

Overall risk perception: At -0.185, β was direct, negative and significant (p < 0.01) for overall risk perception as an antecedent of WTP in the second step in the regression, supported by a significant (p < 0.01) and negative correlation of the overall risk perception with WTP at -0.209.

Brand loyalty had a relatively stronger effect on WTP than the overall risk perception according to the significant beta coefficients (β = 0.274 and β = -0.185; p < 0.01, respectively). Additionally, perceived fit had the lowest effect on WTP with a β of 0.050 (p < 0.10). The results can be seen in the second step of the regression.

Brand loyalty and perceived fit jointly accounted for a significant amount of variance in WTP with 8.8 per cent (see the result for R² from the first step in the regression). The overall risk involved in the model provided a substantial contribution to the explicative power of the model, with an additional 3.4% of the variance in WTP (change in R² step 1 → step 2). Furthermore the effect of the perceived fit on WTP appeared when the overall risk perception was included in the model, which was positive, with a β of 0.050, and significant at the 0.10 level (as can be understood from the results in the second step of the regression). Additionally the effect of brand loyalty on WTP was still statistically significant at 0.01, but at a lower level when the overall risk was involved in the model.

Moderating effects: In the third step of the regression, the analysis revealed a marginally significant (p < 0.10) effect for the interaction between the overall risk perception and perceived fit of a magnitude of 0.129 (beta coefficient). On the other hand, contrary to the initial prediction, the interaction of the overall risk with brand loyalty involved in the model did not have a significant effect on WTP.

The direction of interaction between the overall risk and perceived fit in the model explaining variance in WTP was determined by differentiating WTP (dWTP) with respect to the perceived fit (dFIT), which yielded equation (1). Accordingly the results showed that the positive effect of perceived fit on WTP got higher as the overall risk perceived in purchasing extension products for children's use got higher.

$$\frac{\delta dWTP}{\delta dFIT} = \text{-0.04} + 0.129 \text{ (RISK)} \quad (1)$$

Finally we examined differences in the results for different product users. When the effects of risk perception on WTP were compared, they were found to be higher for the products for children's use than those for their own use (β = -0.185 and β = -0.164; p < 0.01, respectively). The result indicated that the perceived fit had a significant effect on WTP at the level of products for parents, but such an effect was not found at the level of products for children when the effects of the other factors were controlled. In the comparison of results in both product groups in terms of moderating effects, in no case did we find a significant interaction, apart from the existence of that between the overall risk and perceived fit just for children's products.

Table 6 shows a general summary of which hypotheses were verified positively and which not.

■ Discussion

The study contributes to the research stream on brand extension by exploring the role of risk perception besides brand loyalty and perceived fit in determining consumers' willingness to purchase a brand extension. By demonstrating the results varying across different product users, the study also highlights some practical strategic issues for marketing managers who strive for the success of brand extension.

The results are generally in line with predictions with a few exceptions. Accordingly brand loyalty appears to provide a significant contribution to brand extension success by supporting the willingness to purchase for consumers regardless of who the product users are. As is known, the fundamental intention underlying the strategy of brand extension is to capitalise on the brand's power to facilitate the acceptance of new products. Companies encourage consumer confidence in new products by using the name of successful brands in them so that consumers who intend to purchase a new product keep buying the same brand [45].

In addition to brand loyalty, the perceived fit of the extension product drives the success of brand extension by facilitating the acceptance of a new product (i.e. higher willingness to purchase). Perceived fit plays an even more crucial role in parents' purchasing new products for their own use than for their children's. Therefore it is also suggested that managers concentrate on how to improve the perceived fit of brand extension products that are for parents' own use. On the other hand, depending upon the risk perception in purchasing an extension product for children's use, parents are more willing to purchase an extension product that is perceived as a ''better fit'' with the extended brand. In this context, we can say that managers can shape the effect of fit on the willingness to purchase by focusing on risk perceptions of the purchase of brand extensions.

Risk perception acts as a significant deterrent in purchasing an extension product for parent's own use and/or their children's use. Furthermore the significant and positive effect of brand loyalty on purchase willingness decreases due to the existence of risk perception. Therefore managers should make sure that

a market survey is carried out to determine consumers' possible risk perceptions towards the purchasing of extension products and should seek ways of reducing them. Such a survey will reduce costs, at least, for loyal consumers.

■ Conclusion

In summary, the findings indicate that the success of brand extension is based on the relational links among brand loyalty, risk perception, perceived fit and willingness to purchase. In the analysis above, with respect to consumers' evaluation of brand extension when the product user is parents versus their children, the following conclusions are observed.

1. Consumers' willingness to purchase an extension product become higher when brand loyalty and perceived fit go up and when the perceived risk goes down. The variable that has a stronger effect is the perceived fit for products for parents' use, but brand loyalty for products for their children's use.

2. The effect of perceived fit on parents' willingness to purchase is moderated contingent upon differential levels of perceived risk associated with the extension product only for children's product users. In this case, as expected, perceived fit has a more positive effect on the willingness to purchase when the perceived risk gets higher. Contrary to our expectations, however, perceived risk is found to have no moderating effect on the relationship between brand loyalty and willingness to purchase when the product user is either parent consumers or their children.

Because their direct or moderating effects vary according to different product users (parents and children), the study also informs managers about decision-making after they classify brand extensions on the basis of product users.

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APPENDIX A: Measurement items.

Constructs	Mesurement items
Willingeness to purchase	If this brand (brand name) broke into a market with a product (extension product), I could buy the product for myself/my child.
Risk probability	*Psychological risk* ■ Even the thought of purchasing this branded product (the relative brand and product name are typed) for myself/my child makes me feel uncomfortable and uneasy. *Financial risk* ■ If I bought this branded product for myself/my child, I would be concerned about the fact that the spending I made would not be wise. *Social risk* ■ If I bought this branded product for myself/my child, some my friends could think I was just being showy. ■ If I bought this branded product for myself/my child, my purchasing decision might be appreciated by some people whose opinion I value. *Time risk* ■ If I bought this branded product for myself/my child and I was dissatisfied it, unfortunately I would need to spend extra time in order to purchase another one. *Functional risk* ■ If I were to purchase this branded product for myself/my child, I would be worried if it did not provide the benefit I expected. *Physical risk* ■ I am afraid this branded product would damage my/my child's health and body.
Risk importance	This anxiety and concern (asked by referring to each risk of interest) are very important for me.
Perceived fit	■ The degree of similarity, proximity or fit perceived between the brand and extension product.
Brand loyalty	■ I often tell those who are around me how good this brand (brand name) is. ■ I recommend this brand to someone who cannot decide which one to buy. ■ I prefer to buy this brand even if other brands are having a sale. ■ Even if this product is sold by another brand when I need it, I will prefer to purchase the branded one.
Brand familarity	■ I recall this brand (brand name). ■ I have heard of this brand many times before. ■ I have information about this brand. ■ I am very familiar with this brand.

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