

**Making the Grade: Consumers' perception of antecedents of successful
Service Brand extensions**

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Attestation of Authorship

“I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institutions of higher learning.”

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Ethical Approval

Approved by the Auckland University of Technology Ethics Committee on 06/05/2012,

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Abstract

Brand extension is a common branding strategy used by organisation that requires usage of an established brand name in a new category or business area. Brand extensions have received substantial attention from experts in the academic and industry arenas. Despite the prevalence of brand extensions in services, this domain of service brand and brand extension has been left under examined. Businesses are facing fierce competition and every business wants the maximum share of the consumer's spending and services enhance business competitiveness not only for service brands but also for goods brands. This study examines service brand extensions and the drivers of service brand extension success according to service consumers. Research mainly concentrates to study the underlying motives and intentions for development of perceptions about service brand extensions.

Semi-structured interviews were conducted in New Zealand to empirically answer the four research questions of the study which are as 1) For services do consumers' perceive parent brand strength as a reflection for extension quality? And why?, (2) Is fit between parent brand and its extension an over-emphasized or under-emphasized driver for service brand extension evaluation and does it play an important role in the success of the service extension?, (3) How important is parent brand service competency/ability to supply/provide the extension?, (4) Do consumers perceive the transfer of skills and resources from parent brand to extension as an indicator of brand extension quality? And why? Research entailed studying two service brands which were Super Shuttle and New Zealand Post.

To analyse the data collected from semi-structured interviews thematic analysis was employed. Interviews were analysed in Nvivo9. Themes produced through thematic analysis are as follows (1) Parent Brand and sub-themes are parent brand strength, competency, resource availability solution provider, parent brand knowledge, and brand experience. (2) Fit and sub-themes are brand fit, category fit and similarity with the existing extensions. (3) Service Quality and sub-themes are employee interaction, timely service and service outcome, (4) Reliability and (5) Convenience. Along with these five themes, service extension suggestions were also produced from the semi-structured interviews.

Research findings show that consumers do perceive parent brand strength to be a reflector of the service extension quality. Corresponding to research question two, findings suggest that fit between parent brand and extensions is neither an over-emphasized nor under emphasized driver for service brand extension evaluation although it plays a significant role in extension success. Parent service brand's competency to supply a service brand extension is found to be significant for brand extension success. It was established that brand's competency to provide an extension was more significant than having adequate resources. Relating to research question four findings establish that employees, transfer of skills and resources have a significant role for service brand extension success.

Chapter 1- Introduction

1.1 Problem Orientation

Brand extensions are an important marketing strategy to leverage brand equity. Brand extensions remain the most used branding strategy (Aaker & Keller, 1990; Liu, Hu, & Grimm, 2010), whereby an existing brand name is employed to enter a new product/service category e.g. McDonald McCafe or Caterpillar shoes and toys (Aaker & Keller, 1990). Launching a new brand is an expensive and time consuming task that requires resources for intense marketing, establishing distribution partners and, most importantly, the financial risk along with the possibility of losing a market opportunity to competition. Brand extensions are therefore a very common, risk reducing strategy for businesses in goods sector or service sector.

Brand extensions have received substantial attention from experts in the academic and industry arenas. Given the popularity and importance of brand extensions, significant research has been conducted on brand extensions by e.g. Aaker and Keller (1990), Broniarczyk and Alba (1994), and Keller and Aaker (1992). Most of the research in the brand extension area (e.g. Aaker & Keller, 1990; Liu, Hu, & Grimm, 2010; Pitta & Katsanis, etc) is based on brand extension of products as opposed to services. This dissertation examines service brand extensions and the drivers of service brand extension success according to consumers.

The inspiration to conduct this dissertation started while reading about brands and brand extensions, when the author came across papers and journal articles on service brands. The author developed a particular interest in service brands followed by an academic literature review conducted on service brands. While conducting the literature review, a lot of the future research suggestions were directed towards brand extensions, and service brand extensions in particular, and the author decided to conduct her research on similar topics.

This introductory chapter continues with background to the research. Further, important concepts such as brand and service branding, and service brand extensions are discussed followed by the statement of the research problem and its justification, a brief explanation of research questions, and the research methodology. This chapter

concludes with some important definitions required and used in this research, followed by a brief outline of the following chapters.

1.2 Background to the Research

There has been numerous research conducted on importance of branding, frameworks have been developed to guide marketing managers to understand consumer's thought process to enable them to apply strategies based on consumers. Most of these researchers concentrate on 'goods' and not much attention is given to 'services' (Moorthi, 2002; O'Cass & Grace, 2004). There is a clear difference between goods and services, which is discussed in detail towards the end of this section. Businesses are facing fierce competition and every business wants the maximum share of the consumer's spending. Certainly, services enhance business competitiveness, the following example illustrates this point. The electronics retail industry is a highly competitive area with competition from other retailers, online retailers and websites like Trade Me, Amazon, Ebay. Dick Smith Electronics in New Zealand trains the staff to sell goods and at the same time deliver unmatched customer service. The customers are not only looking for goods, but they are looking for a solution and providing good retail experience is a part of solution selling. "Customer will come back, not just for goods but to experience the service" (I.Sheikh, personal communication, 29th March, 2009). It is hard to differentiate and compete solely on the basis of price or products in electronic retail sector, this is where service comes into picture. Retailers like Dick Smith Electronics are adding the service component as their point of differentiation to retain and attract customers.

Branding is a cornerstone for services, a future assurance for the company itself and 'a safe place to be for the customers'. Organisations often thrive to establish an emotional connection between their brands and customers (Berry, 2000). Once the brand has managed to become an integral part of the customer's life they start to relate with their favourite brands emotionally. It is relevant for the service brands as emotional connection with the brand would certainly reduce the perceived risk and also brands switching. Unlike weak brands, strong service brands will be shielded against any/most negative information about the brand as customers are more resistant to accept the negative claims about their favourite brand and in some instances customers are likely to even counter-argue (Hoeffler & Keller, 2003).

Companies are spending huge amounts of their financial resources on branding their products, certainly there are advantages related to a branded offering as against an unbranded offering. Brands are risk reducing, confidence building, and safety suggesting cues for the customers. As mentioned earlier, services are not inferior to goods and if branding is so much of an important factor then why there is scarcity of research on service branding. The branding literature is biased towards goods and academicians have taken a short-cut when confronted with this question. Some researchers propose that goods centric research can be applied to services only because they have forgotten the basic difference between goods and services (Moorthi, 2002; Sally & Lyndon, 1993; van Riel, Ouwersloot, & Lemmink, 2001). The marketing principles for goods and services differ due to the differences in core offering. Services are complex and consist of people, process and physical products in order of importance and goods consists of physical products, process and people (occasionally) (O'Cass & Grace, 2004).

1.3 Definition of Key Concepts

Brand: A brand is defined by Kotler (1991) as “a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors” (Keller, 1993, p. 2).

Services: Simplest explanation of services is differentiation given between services and goods “services are acts, deeds, performances whereas goods are devices, materials, objects or things” (Lovelock, Wirtz, & Chew, 2009, p. 18). A more formal and detailed definition of services is given by Lovelock:

Services are economics activities offered by one party to another. Often, time-based performances are used to bring about desired results in recipients themselves or in objects or other assets for which purchasers have responsibility. In exchange for their money, time and effort, customers expect to obtain value from access to goods, labour, professional skills, facilities, networks and systems. However, they do not normally take ownership of any of the physical elements involved. (Lovelock et al., 2009, p. 19)

Brand extensions: Brand extension is using the leverage of a well-known brand name in one category to launch a new product in a different category (Tauber, 2012).

1.4 Research Problem

As mentioned above brand extensions are an integral strategy for brand managers to leverage the brand equity developed over years. Despite the prevalence of brand extensions in services, this domain of service brand and brand extension has been left under examined. The brand managers in service sector do not have the required service specific guidance regarding the extensions strategies to be undertaken. Academia concerned with service brand extensions have adopted and accepted the constructs and findings from product extension literature. The seminal work of Aaker and Keller (1990) based on consumers evaluation of ‘product’ extensions was replicated by van Riel, Ouwersloot and Lemmink (2001) which aimed at studying consumer’s evaluation of ‘service’ brand extensions. The latter adopted and tested the constructs from Aaker and Keller’s research. There is an urgent need to extract from consumer’s mind the determinants of success of service brand extensions. This dissertation aims at asking consumers of service brands about their perceptions and views on antecedents of a successful service brand extensions as they are the ones who make an extension a success or a failure. The chosen subject of interest for the dissertation is a one which is crucial given the increasing importance of services. Service brand extensions are no more exclusive to the services only; an upcoming boom of introducing product-to-service brand extensions has gained much attention in academia and industry. The recent examples of product-to-service extensions are Apple iTunes, GE introducing finance service for purchase and maintenance of aircraft engines thereby becoming a ‘*complete power solution*’ provider (Shelton, 2009).

1.5 Research Justification

Considerable amount of research has been conducted on brand extensions with some emphasis on service brand extensions. Although the research conducted by van Riel et al. (2001) was an attempt to study consumers’ perception of drivers of successful service brand extensions, it used real brands with hypothetical brand extensions. All the major studies mentioned have exploited real brands but not real brand extensions. The

brands studied in this research are presented to consumers along with their hypothetical brand extensions. It is argued that it is difficult to imagine and respond about brand extensions that do not exist in the market. Respondents of these studies were consumers of the brands studied therefore they had usage experience about the brand; however they are consumers of the main brand only and not the brand extension. A brand extension that they haven't heard of, or haven't experienced it is only in their imagination. It is argued that it is difficult to relate and respond about such imaginary brand extensions.

There has been no study conducted in New Zealand or other country that has employed real service brand extensions to examine examining consumers' perception about service brand extensions. This dissertation is an attempt to fill this gap as author has selected two widely used New Zealand service brands along with their existing and consumer prompted service brand extensions for in-depth analysis. The two kiwi brands selected for the study are Super Shuttle and New Zealand Post which are well-known in New Zealand. Both the brands have various brand extensions with future opportunity to grow and leverage brand equity by introducing further extensions under the same brand.

1.6 Research Questions

There are four research questions which are a result of extensive literature review on topics like services, service branding, service brand extensions, and product brand extensions, etc. These research questions outlined below are sub-questions derived from a main question that corresponds to the research problem discussed above. The research questions are discussed in-detail in section Chapter 3 in section 3.3.1.

The main question is outlined below along with sub-questions for answering the main question.

What are the antecedents of favourable or unfavourable evaluations of the service brand extensions?

- For services do consumers' perceive parent brand strength as a reflection for extension quality? And why?
- Is fit between parent brand and its extension an over-emphasized or under-emphasized driver for service brand extension evaluation and does it play an important role in the success of the service extension?

- How important is parent brand service competency/ability to supply/provide the extension?
- Do consumers perceive the transfer of skills and resources from parent brand to extension as an indicator of brand extension quality? And why?

1.7 Research Methodology

Prior research on brand extensions including service brand extensions has been primarily quantitative with no or little effort done to qualitatively study consumers' perception about service brand extensions. Most research on brand extension discipline has been quantitative mostly due to the dominance of quantitative research in the 1990's (Myers, 2009). In 1990's quantitative research method was very popular. In the current research, the knowledge outcome is different as the facts and their interpretation is more qualitative along with using brand management and service branding theory in different way to explain these facts (Myers, 2009). Qualitative research methods enable researchers to understand and study the cultural and social phenomena. Quantitative research methods try to understand 'what happened?' whereas qualitative research methods are keen to understand 'what happened and why something has happened, why this way, when and how?' Humans are different to each other and so is the motive behind doing certain action, may be some of humans are involved in similar or same action however; the underlying motive would be different. Qualitative research is designed to delve into human mind and scope out the actual reason for any action. With most research on service brand extensions aiming to generalize to a larger population and not much in-depth analysis, there is greater need for in-depth analysis of consumer's perception. Context is significant when studying consumers and their motives behind their decision. Quantitative research treats context as 'noise' or some sort of disturbance while qualitative thrives for context (Myers, 2009).

Current research is based on consumers' perception, their thinking, their situations and how they perceive a service brand in their different situations. In order to understand consumers' perception and be able to assign meaning to each of the reality it is important to conduct semi-structured interviews hence qualitative research. The researcher not only seeks to identify antecedents of successful service brand extensions but also the motive and reason behind why the specific antecedents are considered important. The researcher is not looking for generalizing the results to a larger

population; current research is aimed at theoretical generalization and therefore qualitative research is best suited to answer the research question of this research.

1.8 Data Collection

The number of interviews to be conducted was not clear at the beginning although approximate ten-twelve interviews were proposed. Theoretical sufficiency was employed to decide the appropriate number of interviews to be conducted as no new information was emerging during 9th and 10th interview thus, it can be inferred that the emergent results are reflexive and comprehensive to present a message (Mills, Durepos, & Wiebe, 2010). Empirical data is collected through 10 semi-structured interviews. Interview questions are largely open-ended (Interview Guide is attached in Appendix D).

1.9 Outline of Chapters

This section provides an overview of the dissertation structure, and briefly outlines the topics covered and discussed in the chapters which follow.

Chapter Two is a literature review on prior research on brands, brand extensions, services, and service brand extensions. It starts with brief discussion on Service Dominant Logic followed by the importance of employees as resource for services and service brand extensions. This is followed by an in-depth discussion of services and service brand extensions, and the perceived risk in service brand extensions. Later, brand strength and service quality are discussed along with a section on Similarity/Fit, and Innovation. In further sections, innovativeness is compared with Similarity/Fit. Towards the end of this chapter value added services, corporate culture and human resource management are considered briefly followed by discussion on reciprocal effects of brand extensions, accessibility and diagnosticity in brand extensions. The chapter ends with a justification of the notion that intangibility is omnipresent i.e. intangibility is not exclusive to service but goods also have some sort of intangibility associated with them.

Chapter Three is a detailed discussion of the research methodology adopted for the research. The philosophical background to the research, along with research

epistemology, is explained followed by research process and data collection method. The development of the research question is followed by the selection of service brands, interview guide development and an explanation of the interviewing process. The chapter concludes with discussion on data analysis.

Chapter Four presents the findings of semi-structured interviews, the coding of data, and creation of Nvivo9 project for coding and data analysis. The chapter concludes by presenting the results of semi-structured interviews.

Chapter Five, the concluding chapter, is a detailed discussion of the results of semi-structure; relevance of the findings is considered, followed by managerial implications. Future research suggestions are identified, and the limitations of the research are addressed. The chapter ends with a final conclusion to summarise the dissertation.

1.10 Conclusion

The chapter discussed the problem and background to the research project. Some important concepts were laid down along with introducing the research questions and methodology. Chapter presented a brief outline of the following chapters. The following chapters extend the above discussion followed by findings of the current research.

Chapter 2-Literature Review

2.1 Introduction

This chapter provides a detailed discussion of the previous research and studies conducted on brand extension arena. Conducting a literature is significant as it helped to study the extant literature and also be grounded in the topic. The main purpose for this chapter was to study all the relevant papers and research related to service brand extensions. This chapter attempts to revise some important concepts and findings such as service brands extensions, classification of goods and service, types of brand extensions, service dominant logic, and intangibility of service followed by brand extension success drivers such as brand strength and quality, fit, innovativeness, employees. Influence of corporate culture on services and service brand extensions is discussed followed by a section on value-added services as extension as a type of brand extension, expectancy and affect transfer, accessibility and diagnosticity as moderators of brand extensions. Brand extension consequences such as perceived risk of service brand extensions along with reciprocal effects of brand extensions are included towards the end of this chapter. The chapter aims at establishing a relationship of these concepts with service brand extension success.

2.2 Services and Service Brand Extension

Services are intangible and therefore it is difficult to feel, see, or try them, hence consumers use brand as a cue to confidently evaluate the service. Services comprise an integral part of a consumer life starting from finance, banking, education, telecommunication, health services, tourism, etc. Services have taken a major portion of the top 10 brands however, the prime most positions being reserved for financial services (Interbrand, 2011). Literature on services concentrates on the customer satisfaction and measures to enhance customer satisfaction and there is scarcity of research that discusses service branding (Moorthi, 2002). Brand extensions can be exploited by both goods and service brands. In service areas like financial sector, hospitality sector, etc. brand extension are very popular e.g. banks extending into insurance. In these service sectors, establishing a brand is time-consuming and requires

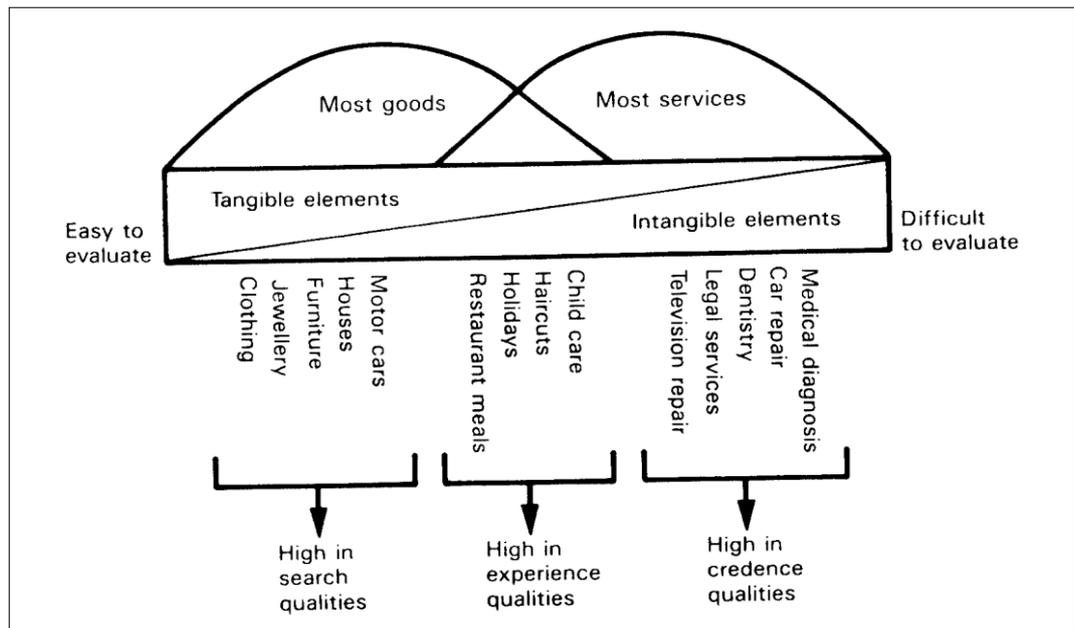
considerable amount of resources. Launching a new brand would mean gathering considerable amount of resources including trained and knowledgeable staff. Use of an established brand name requires fewer resources to be spent along with reduced risk of failure.

2.3 Classification of Goods and Services

Economists and researchers have classified the goods and services in three categories. This three-fold classification incorporates services and products with due importance given to services. According to this approach there are three types of goods and services that exist in the market. The classification of these three types of goods and services is based on the intangibility and the usage (Moorthi, 2002).

- Search Goods - Physical products mostly belong to this category. This can be explained with an example, when a customer decides to buy a television it is possible to search for lot of information like ease of use and also test various features before purchase. The information and other features of television are measurable and can be compared to the brand promise. Therefore, products like television i.e. physical goods or products are classified as search goods (Moorthi, 2002).
- Experience Goods - Service are most suited to this category as services are all about the experience delivered by the service provider. Customers' experience is most important in services like airline travel. In services like restaurant customers expect the satisfaction to be complete experience. Here, the customer would want harmony in the service right from entering the restaurant to the quality of food to the way in which the food is served including the customer service (Moorthi, 2002).
- Credence Goods - Services and products both belong to this category depending on the service and product itself. The services and products of this category call for ample trust and assurance before the purchase. Physical goods like fire alarm, medical equipment belong to this category. Most services qualify to be considered for being credence goods. As with services like doctors, university, etc. should be able to build trust among its customers (Moorthi, 2002).

Figure 2.1 - Intangibility of Products and Services



Source: Rushton and Carson (1989)

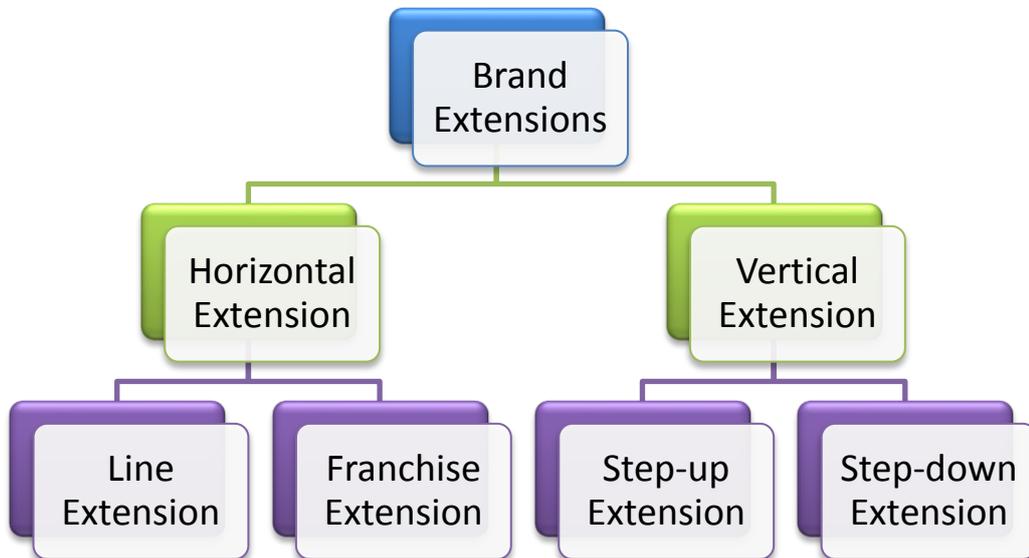
It is important to understand the types of service and goods to understand the types of brand extensions. Although services and consumer goods are completely different, in real world there are very few offering that are pure consumer goods or pure services and therefore brand extensions are not limited to the category, if the parent brand belongs to the credence goods category the extensions can be made into search or experience goods category. (Pruppers, Lei, Ouwersloot, & Lemmink, 2004). Perennial quote by Levitt is noteworthy *“there are no such things as service industries. There are only industries whose service components are greater or less than those of other industries. Everybody is in service industry”* (Homburg, Fassnacht, & Guenther, 2003, p. 24). Every consumer good has a service element and every service has a good element in it.

2.4 Types of Brand Extensions

Brands can be extended in a variety of different ways. The basis for different types of brand extensions is the answer to a vital question ‘is the extension in the same category (parent brand service or product category) or in different service/product category? Based on this basic concept there are three main extension types namely- horizontal extension, vertical extension and distance extension (Aaker & Keller, 1990; Pitta &

Katsanis, 1995). The three types of brand extensions are shown in Figure 2.2 using a hierarchy chart for better understanding,

Figure 2.2 -Types of Brand Extensions



2.4.1 Horizontal Extension

When a company uses an existing brand name to extend into a new product category it is known as a horizontal brand extension. Based on the type of new product to be introduced there are two types of horizontal brand extensions namely - line extension and franchise extension. Use of an existing brand name for new offering in the same product category is termed as line extension. A line extension requires minor changes like different flavour, size, packaging and new variety in same product category while using the current brand name to market the new extension product. Google Scholar search engine and Diet Coke are examples of a service line extension and a product line extension respectively. Horizontal extensions are very popular among products and service brands, although line extensions are specifically more popular because of the advantages associated with them. Line extensions require less effort required to market the new service/product in comparison with other types of extensions. Line extensions not only increase profitability, enhance market presence but also offer variety to the customers thereby helping the parent brand to expand its customer base by attracting potential new customers and entice competitor's customers.

When an existing brand name is used to enter a product category new to the company it is known as franchise extension (Aaker & Keller, 1990; Pitta & Katsanis, 1995).

Virgin's train service and Dell mobile phones are examples of service franchise extension and product franchise extension respectively.

2.4.2 Vertical Extension

Vertical extensions are brand extensions that are related to the original product category and differentiated on the basis of price and quality. Vertical extension can be of two types, upscale/step-up and downscale/step-down extensions. These are very popular in an automobile industry. Step-down and step-up extensions do not relate to superior or lower quality (Lei, de Ruyter, & Wetzels, 2008). Downscale extensions occur when fewer features are offered at low price as compared to the main product/service features and price e.g. Marriott International introduced a downscale brand extension named Marriott Courtyard and Springhill Suites under a category called 'select service' (Marriott International, 2012) and Cadillac's downscale brand extension Chevrolet by General Motors. Similarly, if the new product has more features and is sold at higher price as compared to the main product/service it is known as an upscale extension e.g. The Ritz Carlton and Bulgari Hotels under a category called 'iconic luxury' are upscale brand extensions by Marriott Group of hotels (Marriott International, 2012) and Johnnie Walker Red Label whisky extended to Blue Label whisky as its upscale brand extension. When service brands introduce vertical brand extensions the level of customer service, level of sophistication in service, (Lei et al., 2008) and the ambiance would be higher or lower as compared with the parent service for e.g. Airlines introduced different travelling classes like economy, first and business class. In recent times airlines have come up with different versions of economy class like seat only, seat plus bag, seat plus bag plus meal, etc. to cater to wider and different market segments. The main advantage of vertical service brand extensions is the opportunity to leverage the brand equity not only among existing customers but also among new, potential or competitor's customers (Lei et al., 2008).

When the main brand is extended into similar or related category it is termed as close extension whereas distance extension means the extension category is not related to the main product category. It is argued that distance extensions are not a standalone category but rather a basis for extension for introducing horizontal or vertical extensions. Horizontal line extensions can be partially termed as close extensions while franchise extensions can be categorized as distance extensions. Vertical brand extensions can again be called close extensions.

Brand extensions are very popular in services industry e.g. banks (insurance services), telecommunication (internet services), education (consultancy services). This is not surprising considering the high risk in service evaluation and the risk reduction benefit offered by brands. Extensions of brands are useful due to benefits derived from them like marketing and promotional cost reduction, reducing market entry barriers, leveraging brand equity and reducing risk associations (van Riel et al., 2001). Both horizontal and vertical extensions are extremely popular and relevant to services. Service line extensions can be seen in hotel and financial services e.g. (Boisvert & Ashill, 2011; Lei et al., 2008).

2.5 Service Dominant logic

Services comprise an integral part of a consumer life starting from banking, education, telecommunication, health services, tourism, and the list is long. Services have taken the big portion of top brands sector wise with financial services at the top (Interbrand, 2011). Vargo and Lusch (2004a) proposed a new logic in marketing, ‘service-dominant logic’ (SD logic) which is different to traditional ‘goods-dominant logic’ (GD logic). GD logic was about transferring the ownership of goods while SD logic is a lot more than this. It is not just about adding value to products but SD logic seeks change in the way organisation works. Whole of the organisation i.e. all the departments including the marketing department must think in a service-dominant way (Vargo & Lusch, 2004a).

In the GD logic services were viewed as add-on to goods while SD logic suggests that services are main offering and goods are add-ons. SD logic proposes that goods are only a tool to provide a service, for e.g. people visit dentist to whiten their teeth (pure service) and sometimes use a whitening toothpaste at home to whiten their teeth (toothpaste is a tool to provide DIY teeth whitening service). This is an interesting and more suitable view to marketing as today consumers prefer offerings that provide good service and good products. GD logic believed that customer is an operand resource (that can be acted upon) and had a “market to” the customer attitude, whereas SD logic views customers as operant resource (the one that acts on others) and has “market with” the customer attitude (Lusch, Vargo, & O'Brien, 2007). The hallmark of SD logic is the twist in viewing operant and operand resources. Operant resources supersede operand resources by providing strategic competitive advantage to a firm. SD logic views

customers as resources that can co-create value which is evident in many service firms (Vargo & Lusch, 2004a).

Collaboration between a firm and its customers leads to strategic foundation resulting in a modern view of 4Ps of marketing. ‘Product’ is seen as service delivery process where service is delivered directly or indirectly and goods are simply objects for service delivery. ‘Promotion’ is mainly the interaction between the employees and the customers, the dialogue between them. ‘Price’ is explained to be the value proposition which is created by firm and the customer for exchange, and ‘place’ is replaced with processes and networks (Lusch et al., 2007). According to traditional marketing theory external environment factors (competition, social, technological, legal, etc.) are uncontrollable by a firm, SD logic views the external environment factors as resources that can provide support if the firm co-creates and works with these environments. Knowledge and co-operation are important for any firm to compete successfully through service; this is possible by viewing external environment, stakeholders and partners as an operant resource. Understanding these new trends and technology will assist in transforming the ‘uncontrollable’ into an important resource and strength. It is significant that a firm can understand and absorb changing external environments and that a firm is able to adjust with the changing environment and circumstances (Lusch et al., 2007).

Table 2.1- Service Dominant Logic compared with Goods Dominant Logic

Goods Dominant Logic	Service Dominant Logic
Goods	Services
Tangible	Intangible
Operand	Operant
Value addition	Value co-creation
Product	Experience
Transaction	Relation
Unit of output	Service process

Services are the key and basis for competition and long-term survival for businesses. Customers are not looking for acquiring goods, the main motive is to buy a solution for a problem, or satisfy a need or want (Lusch et al., 2007). SD logic has implication for service brand extensions as it places services in the centre of action. As mentioned

above in Vargo and Lusch developed nine foundational premises for SD logic that are based on the idea of competing through service (Lusch et al., 2007). These nine foundational premises are listed and elaborated below:

FP1:“Knowledge and specialized skills is the primary unit of exchange”: Unique or specialized knowledge is the key for sustainable competition. This knowledge used for customers benefit is the unit of exchange in services (Lusch et al., 2007, p. 7). This is applicable to parent brand and its extensions, specialized skills and unique knowledge are the basis for services. Before deciding to make an extension, parent brand must prove that it possesses special knowledge unlike the competition. Failure to adopt and / or market such skills may lead to reduced brand identity, rejection of its future extensions, and lost customers. This specialized knowledge becomes a firm’s unique selling point (USP) and also the unit of exchange. For example Retailworld Resourcing (RWR), a New Zealand based recruitment firm specializes in retail sector recruitment. Only after proving its special skill in retail recruitment RWR was able to launch a service extension of its business in hospitality recruitment called Hospoworld (Retailworld Resourcing, 2012).

FP2: “Indirect exchange masks the fundamental unit of exchange”: As service is the main unit of exchange but it is not seen as important due to other factors. Micro-specialization, organisations, goods and money smudge the service - service - service exchange motive (Lusch et al., 2007, p. 7).

FP3: “Goods are only a distribution mechanism for service provision”: As mentioned above everything is service oriented. Activities, actions or goods are only ways to provide a service; goods cannot supersede services as they are subordinate to services (Lusch et al., 2007, p. 7).

FP4:“Knowledge is the fundamental source of competitive advantage”: Through specialized service, firms offer their unique knowledge to the customer. Specialization is the base for exchange and staying ahead of competition (Lusch et al., 2007, p. 7). Employees are seen as operant resources that possess unique knowledge and innovative skills for firm’s benefit (Lusch et al., 2007).

FP5: “All economies are service economies”: Services have always been the centre of exchange in all industries (Lusch et al., 2007, p. 7). The difference is, earlier it was not

noticed as much as it is in present. FP5 can be related to Merx, He and Vargo (2009) where they explain that 1990's, goods were the centre of exchange.

FP6: “Customer is always a co-creator of value”: Be it goods or service, value is not inculcated and realized until it's actually consumed. Value is co-created by the user and customer's perception and experiences are important for value determination. The customer is the main driver of resources during value creation as their experience with service is embedded with their life experiences that enhance quality of life thereby quality of service (Lusch et al., 2007, p. 7). Another important hallmark of SD logic is the view for value creation. Value does not reside in operand resources, but it is co-created through strategic collaboration between a firm, its employees, customers and network partners (Lusch et al., 2007).

FP7: “The firm can only make value propositions”: From FP6 it is clear that a firm can only put forward the value proposition. A manufacturer can only produce a product; its value is determined by the consumer (Lusch et al., 2007, p. 7). Until and unless the consumer purchases a product and starts to use it, the product has no value in the warehouses or in retail shop shelves.

FP8: “A service-oriented view is customer-oriented and relational”: co-production, co-creation and collaboration are significant for a service-centred view (Lusch et al., 2007, p. 7). Collaboration and use of operand resources for customer benefit brings back the old phrase ‘Customer is the king’.

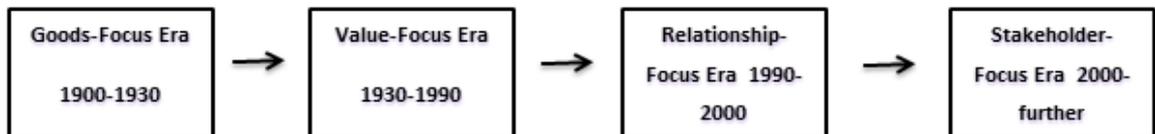
FP9: “Organization's job is to integrate and transform micro-specializations into complex set of services that are in demand”: An organisation's primary job is to provide service. This can be done by manufacturing products or integrating several services that serve customers. Firms are seen as resource integrators (Lusch et al., 2007, p. 7).

FP10: “Value is always uniquely and phenomenologically determined by the beneficiary”: FP10 and FP6 have similar meaning as both highlight the fact that value is determined by the customer/ beneficiary (Vargo & Lusch, 2008, p. 7). Value here is a subjective term as it is based on the personal needs, wants and experiences of the beneficiary. A service provider or manufacturer cannot suggest the customers the worth of the offering as it is only determined by the person using it. Example: A home delivery service is a need for a 70 years old customer whereas it is a luxury for a young customer.

2.5.1 Branding Evolution

Merx, He and Vargo (2009) have put forward a framework with past and future of branding logic. It starts with an individual goods-focus era then value-focus era then relationship-focus era (very recent) and the current stakeholder-focus era. Figure 2.3 Illustrates the Branding Evolution.

Figure 2.3 – Branding Evolution



Source: (Merz et al., 2009)

The goods-focus and value-focus era are much like GD logic, however the last two are developments of SD logic. The relationship-era focused on relationship between organisation and its customers, relationship between customer and brand, relationship between organisation and brand. The brand value is co-created in the customer's mind and brand value is value in use for the customer. Brands are parties in a relationship and have personalities and this leads to a dyadic relation between brands and customers (Merz et al., 2009). Employees are also seen as parties in a relationship and therefore are brand value co-creators just like customers (operant resources). The latest and the on-going is stakeholder's era, here brand value is a 'continuous social process' and brand value is created through networking with all the stakeholders of a firm – customers, employees, communities, all stakeholders (Merz et al., 2009). Merz, et al. suggests that brand managers must keep an eye on the brand continuously as brand value creation is a continuous process just like nurturing a baby.

2.6 Intangibility of Services

It is human nature to get anxious in situations of uncertainty, unspecified situations where degree of control over the situation is low or nil. Intangibility has two dimensions- mental intangibility and physical intangibility. Bateson (1979) and Berry (1980) explain both the dimensions as 'firstly, the impossibility to touch something intangible and secondly, the difficulty to define, formulate, relate and clearly understand something intangible mentally'. Intangibility of services therefore, triggers anxiety

which generates perception of risk among customers resulting in negative attitude formation towards services (Bielen & Sempels, 2004). About three decades ago Levitt (1981, May-June) proposed that intangibility is for all the products; be it services or goods. Goods have more tangibility associated with them as they can be seen, felt and touched but at the same time they also have an element of intangibility. Services are certainly more intangible than goods as their intangible element is larger in proportion as compared to goods. Companies selling goods go beyond their way to reduce the intangibility among goods by making literal promises, through advertising and product packaging (Levitt, 1981, May-June). Packaging is a marketing tool to attract customers and at the same time reduce the discomfort within consumer minds.

The aim is to provide assurance and reassurance using tangible surrogates (good packaging, advert) for a promise (which is intangible) which is almost impossible to be seen or touched before buying the product. Levitt (1981, May-June, p. 96) argues that potential customers are not always able to experience the product or service before purchase and therefore firms make them buy what are called ‘promises’- “promises of satisfaction”. Firms sell promises and guarantees. Research shows that service guarantee is an important element to relieve risk perceptions among customers.

2.7 Brand extension success drivers

This section covers some of the concepts significant to study service brand extensions. Concepts like perceived quality, perceived fit/similarity, innovation, employees are some of the prime drivers of brand extensions (service and goods) based on prior researches (e.g. Aaker & Keller (1990), Boisvert & Ashill (2011) , Brown, Sichtmann, & Musante (2011) , Volckner, Sattler, Hennig-Thurau and Ringle (2010), van Riel, Lemmink & Ouwersloot (2001), Vargo and Lusch (2004a, 2008), etc). A detailed discussion on these concepts is imperative for understanding their relevance and importance. Following Aaker & Keller’s (1990) seminal work, many similar studies have been conducted using constructs proposed by Aaker and Keller. In their study Aaker and Keller identified Quality, Fit and Difficulty as determinants of brand extension success. Quality is generally defined from a FMCG perspective “as a global assessment of a consumer’s judgement about the superiority or excellence of a product” (Aaker & Keller, 1990, p. 29). Zeithaml defined perceived quality as “consumer’s judgement about an entity’s overall excellence or superiority relative to alternatives”

(Boisvert & Ashill, 2011, p. 519). Brand strength is related to quality in terms of buyer's perceptions about the brand quality and stronger brands or well-established brands have a positive brand strength (Brown et al., 2011). Ringle et al (2010) proposed a more service specific explanation of quality, authors present three dimensions of service quality - service interaction, service environment and outcome quality. Service interaction is the interpersonal interactions between staff and customers during service delivery, service environment is about the influence of the physical factors or 'built' environment/ambiance on consumers and outcome quality is the actual outcome or result.

Perceived *Fit* or similarity between parent brand and extension is one of the most important constructs in brand extension literature. Aaker and Keller (1990) explained three dimensions of *Fit* –

- (a) Extension is perceived as a *complement* to the parent brand,
- (b) Extension is perceived as a *substitute* of the parent brand,
- (c) Parent brands ability to *transfer* its resources effectively to manufacture the extension product.

Czellar characterized perceived *fit* as two dimensional consisting product category fit and brand-level *fit*. Product category *fit* is the perceived similarity between the parent brand product category and extension product category, brand-level *fit* is the similarity between the parent brand image and extension brand image.

The work done by Aaker & Keller remains the most crucial research as many researchers have replicated Aaker and Keller's research in different countries using different products/ services or with different constructs. Aaker & Keller (1990) focussed on consumers' cognitive process for evaluating the brand extension (Boisvert & Ashill, 2011). Aaker and Keller (1990) proposed three constructs affecting consumers' attitude development for a brand extension. Consumers' perception about *Fit* (similarity) between the parent brand and the extension, perceived *Quality* of the parent brand and the perceived *Difficulty* of parent brand to design or manufacture the extension. The *Fit* construct has been widely researched and supported in brand extension literature. *Fit* has three sub items namely (a) *transfer* of resources and skills from parent to extension, (b) the two products are *complements* to each other and (c) the two products are *substitute* for each other. The relationship between perceived *Fit* and perceived *Quality*

is analysed, *Quality* is important when there is a *Fit* between parent brand and extension and quality is not significant if there is no perceived *Fit* between the two. It is interpreted that when perceived *Fit*/similarity exist only then quality seems to be important because otherwise it is considered of no use due to no *transfer of skills* and other resources possible. Transfer of skills is possible if the skills can be used to produce something similar.

Research conducted by Boush et al. back in 1990's discusses the transfer affect from parent brand to extension product (Boisvert & Ashill, 2011). Recent study on affect transfer by Xin Liu, Michael Y Hu and Pamela E Grimm (2010) draws much attention to brand extensions.

Aaker and Keller's (1990) research was replicated by van Riel, Lemmink & Ouwersloot (2001). van Riel et al's (2001) study undertook a comparative analysis between goods and service brand extensions while concentrating on the service brand extension. They conducted a quantitative research using survey and respondents were students from university. The survey was completed in two parts by the respondents; first part of the survey was a visual association of six Dutch brands followed by the second part in which they used self-reported attitude measurements for all the variables. To conduct this research six well-respected Dutch brands were selected. Out of six, four were service brands and two deliberately chosen consumer goods brands. The service brands ranged from different sectors including banking, hotel and two railway and road transportation brands. Conscious efforts were made to select brands that did not have extensive brand extensions yet good enough to evoke specific associations.

They employed the same constructs from Aaker and Keller's study; *Quality*, *Fit (transfer, substitute and complement)* and *Difficult* and the findings were different to Aaker and Keller's study. Perceived parent brand quality had a direct effect on the extension evaluation both for goods and particularly for services. *Fit* between the parent brand and extension is significant for extension evaluation however, *Difficult* is not considered to be an influencing factor. The interaction effects show varied results, placing *Quality* and *transfer* to be most influential, *Quality* and *complement* only for services. The above results indicate that *Quality* is an important construct for extension evaluation mainly for services. This is in conjunction with the service marketing theory whereby services are gifted with four attributes; Simultaneity, Heterogeneity, Intangibility and Perishability (SHIP). Intangibility of services makes them difficult to

feel, see, or try them and parent brand quality acts as information surrogate to evaluate the extension and reduce uncertainties and doubts (Brown et al., 2011; van Riel et al., 2001). Intangibility is further discussed in section. In services simultaneity also known as inseparability is high as the service provider cannot be separated from the services unlike products where the manufacturer is away and not involved in the delivery or usage process. Service-dominant logic emphasises the relevance of value co-creation and co-production in services as the consumer is an active participant of the delivery process which explains the simultaneity attribute of services (van Riel et al., 2001). For example consider a patient and a doctor; here the doctor is inseparable from the patient during the delivery process. It is difficult to deliver consistent service (with no variation) as it is dependent on the accuracy or professionalism of the actual service provider, for example when ordering chips from a fast food restaurant the quantity of chips delivered is never exactly the same. The quality and the consistency of the service are dependent on the employees and the training provided to the employees. The inability of delivering consistent quality of service explains the heterogeneity attribute of services. Services are perishable as services cannot be stored or preserved and must be produced on demand.

The above attributes of services (SHIP) are opposed by Vargo and Lusch and they have labelled these four attributes as four service marketing myths (Vargo & Lusch, 2004b). Marketing is primarily based on goods and manufacturing models and the later developed discipline of service marketing has gradually been built to reflect the same models based on goods and manufacturing. According to the authors the well accepted so-called 'SHIP attributes of service' do not ensure justice to service as they do not delineate services from goods, have meaning and view from a manufacturing perspective only and imply inappropriate normative strategies and marketing goals for services (Vargo & Lusch, 2004b).

Intangibility, the prime distinguishing factor has little or no relevance as also mentioned above in section 2.3 page 11. Intangibility is not a well-defined criterion, as taking intangibility into consideration there are no pure goods or service. Vargo and Lusch (2004b) point out that mostly tangible good are bought for intangible benefits and intangible services are often bought for tangible results, for e.g. microwave serves the intangible benefit of heating food items whereas restaurant serves tangible food items (Vargo & Lusch, 2004b).

Heterogeneity focuses on standardization and it is argued by Vargo and Lusch (2004b) that traditionally goods were as heterogeneous as service due to human involvement during production and therefore standardization is not an inherent characteristics of goods. Customization is the future of marketing and not standardization therefore brand managers must capitalize and embrace on the fact that services can be flexible as against manufactured goods (Vargo & Lusch, 2004b). Brands like Dell, Subway, Dominos Make your Own Pizza menu are examples of customization over standardization.

Inseparability of consumption and production is another characteristic which condemned by Vargo and Lusch (2004b) as this is also important from a manufacturing view and in fact separability is undesirable and impossible even for goods. Goods/tangible products are bought for some benefit and the benefit can only be sought when the customer interacts with the offering, here goods are a distribution mechanism for seeking benefits. Instead of limiting customer involvement brand managers must thrive to maximise consumer involvement for value creation (Vargo & Lusch, 2004b).

Perishability is the last myth dispelled that deals with the inability of inventorying services due to the perishability however it is argued by Vargo and Lusch (2004b) that tangible goods perish. Perish which means rotting or expiring is a feature of goods and not services as elements, knowledge, abilities do not expire or perish. Services have more longevity than goods and can be stored in systems, machines and buildings (Vargo & Lusch, 2004b).

2.7.1 Brand Strength and Service Quality

Brand strength is an essential contributor towards brand extension success. Brand helps customers to visualize and relate to the service offering; enhance trust and confidence in the new service offering (Brown et al., 2011). The value of a service is formed by many contributing services such as employee, relationship management, firms knowledge and employee skills that make a service offering successful. Customers (an operant resource that acts on others) and value-network partners (Pruppers et al., 2004) contribute to the success of the services. Customers evaluate brand as a whole and not as a single offerings by a brand. Customers will readily transfer the brand image and reputation associated with parent brand to its new service offering. Brand with strong brand strength i.e. positive perception of the parent brand quality are more likely to be

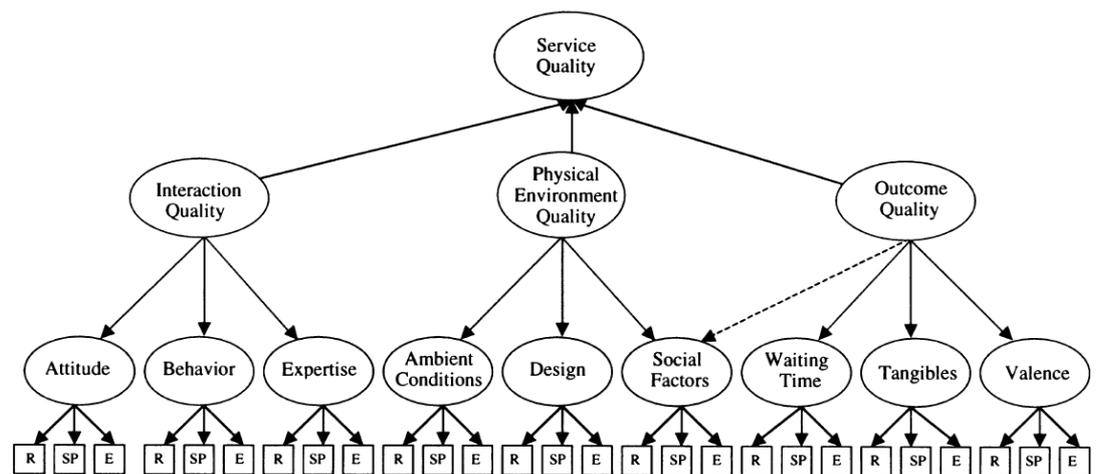
successful in their service extension (Brown et al., 2011). As services have intangible property associated with them corporate brand helps to positively influence the extension evaluation parameters like credibility and quality (Ruyter & Wetzels, 2000).

Corporate brands with past successful extension under their umbrella and varied range of service categories are perceived more highly by customers and extensions from these corporate brands are more successful e.g. Virgin Group. Berry (2000) states that for commodities, the actual product takes the role of a brand unlike services where company is the brand as services are intangible and therefore difficult to label, pack and display them. Research shows that perceived uniqueness and perceived innovativeness have positive influence on brand commitment and consumer attitude formation. Perceived innovativeness of the parent brand along with quality has a substantial impact on attitudes towards service extensions. Perceived service extension innovativeness affects the attitudes towards the extension and the perception about the extension quality. While evaluating a new service, customers mainly rely on the intrinsic and extrinsic cues (Boisvert & Ashill, 2011). Intrinsic cues are product related features like flavour of the candy bar, and extrinsic cues are non-product related like brand, price. Determining intrinsic cue for a service brand is difficult and even impossible before buying the service. Customers must rely on extrinsic cues to gauge the service quality and gain confidence on a new service brand offering. Perceived innovativeness along with perceived quality serve as extrinsic cues for customers to evaluate a service brand extension.

Prior knowledge of the parent brand helps to use new and existing information to form positive associations about the brand and its extensions. Based on the experience and exposure with the brand customers can be categorised as experts (knowledgeable and experienced) and novice (less knowledgeable and experienced) (Lei et al., 2008). Novice customers are more likely to use extrinsic cues while evaluating a new service due to lack of prior associations with the service. Parent brand is related to brand extension based on extrinsic cues like colour or shape, or the degree of fit between the product category of parent brand and the extension. Similarly, due to experience with the brand, expert customers generally use intrinsic cues like taste, service level, competency of parent brand to be able to provide certain service or product, technological ability and similarity (Lei et al., 2008).

As mentioned above services have little intrinsic motivation for customers and as service brand quality is different to the product brand quality, its evaluation is also more complex than product quality evaluation. Research on service brands have relied on the research based on FMCG products and used similar quality parameters. It is argued that service quality is more complex due to four main attributes of simultaneity, heterogeneity, intangibility and perishability. Brady and Cronin in their seminal work on perceived service quality have proposed an exhaustive model (illustrated in Figure 2.4) based on various previous models and theories including, The Nordic Model by Gronroos, 1984; The Servqual Model by Parasuraman, Zeithaml and Berry, 1988; The Three-component Model by Rust and Oliver, 1994; The Multilevel Model by Dabholkar, Thorpe and Rentz, 1996 (Brady & Cronin, 2001). Parent service quality and extension service quality is formed of – *Interaction*, *Physical environment* and *Outcome*. Interaction quality refers to the interpersonal interactions between employees and the customers, physical environment quality refers to the ambience and the physical surrounding during the service delivery and outcome quality is the actual service that customers take away with them (Ringle et al., 2010).

Figure 2.4 – Brady and Cronin Model



Note: R = a reliability item, SP = a responsiveness item, E = an empathy item. The broken line indicates that the path was added as part of model respecification.

Source: Brady and Cronin (2001)

The most recent study on service brand extensions is conducted by Ringle, Völckner, Hennig-Thurau & Sattler (2010) which is based on the Brady & Cronin’s (2001) research, which conceptualizes service quality. The research by Ringle et al. (2010) investigates “the role of parent brand quality for service brand extension success” and

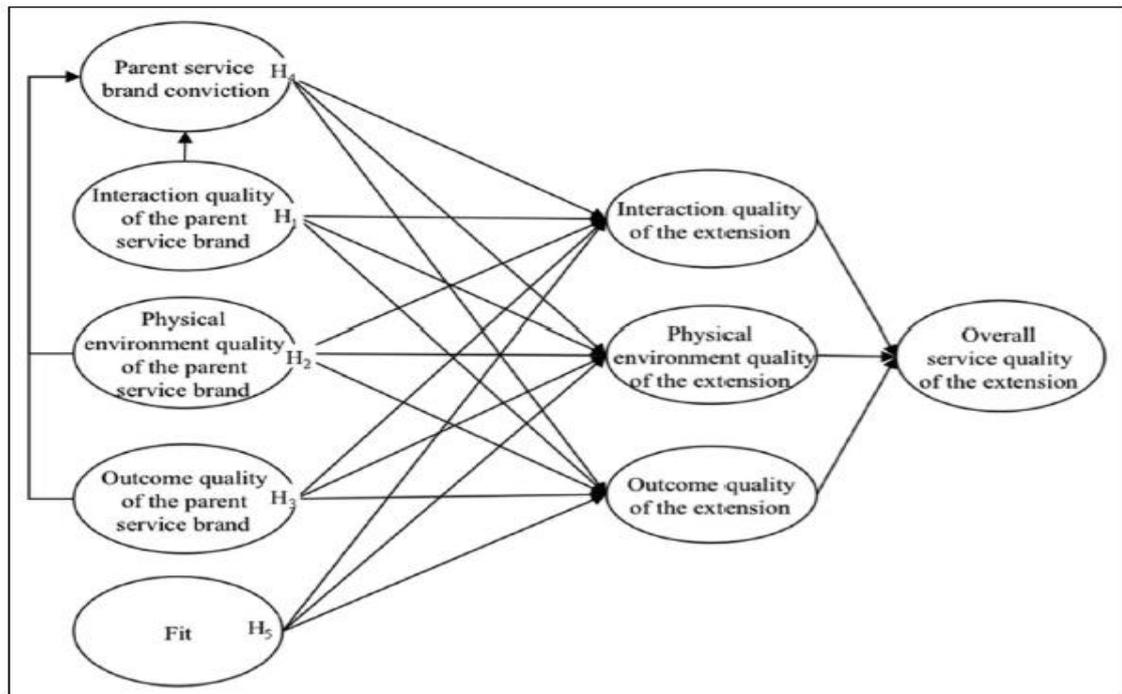
the latter concentrates on conceptualizing perceived service quality. Research on brand extension have employed several drivers of success including perceived fit/similarity between parent brand and extension, perceived parent brand strength, perception of parent brand quality, but Ringle et al. consider parent brand quality as the most important driver. It is accepted that perceived parent brand quality may not be the prime driver of extension success but past research by Volckner and Sattler (2007) confirm it to be a strong contender. Unlike goods, perceived service quality is more subjective, this notion is strongly supported by the Ringle et al. (2010) in their quantitative research. Taking into consideration the basic and prevalent difference between consumer goods and services, they argue that while most research studies measuring service brand extension success use measures proposed for consumer goods and do not make an attempt to describe service parent brand quality's role in brand extension success. The authors seem to be dissatisfied with the research conducted on service quality along with making sure to fill the research gap through their study.

These authors have made two main contributions to void this gap; first, they introduce context specific measures (based on Brady and Cronin's (2001) service quality hierarchical model) for parent and extension quality measurement. Thereafter, they use the model to question prior research findings. Prior research by Aaker and Keller (1990) endorses that fit between parent and extension brand is the most influential driver of extension success. Service quality is based on three vital sub-constructs - interaction quality, physical environment and outcome quality. The interaction with the staff and the employees, the service-scape and the service output determine the overall service quality (Brady & Cronin, 2001). In the extended model by Ringle et al. (2010) the same is conceptualized for service brand extensions whereby parent brand quality has a direct consequence on the extension quality. An attempt is made to verify the relative impact of three main sub-constructs of perceived parent brand quality on the service extension's perceived quality (overall service extension quality and its three sub-constructs). Figure 2.5 reveals two more drivers included in the model, fit and parent brand conviction (confidence and trust in parent brand). The results of their study are compared with importance of fit and parent brand conviction.

As mentioned above service quality is more complicated than consumer goods quality and it consist of three main sub-constructs and each of these act as risk reducing aide for consumers and this is significant for service consumers. Consumer's perception of high

quality about parent service brand leads to reduced perception of risk association about parent brand.

Figure 2.5 – Model of Drivers of Perceived Service Quality of the Extension

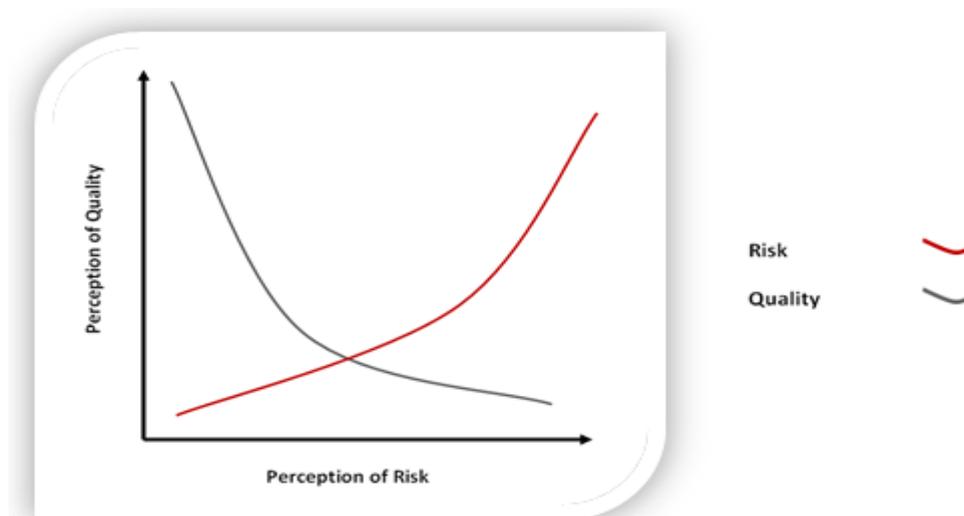


Source: Ringle et al. (2010, p. 3).

Perceived parent service brand quality share an inverse relationship with perceived risk, Figure 2.6 below is a graphical presentation of this relationship. Successful parent brands will not put their reputation and investment on building the brand image at risk by associating and providing inferior quality brand extensions (Ringle et al., 2010). A successful parent brand never comprises with service quality and such parent brands symbolise quality service. Genuine parent brands from service sector with hypothetical extensions were studied for the research. Ringle et al. (2010) relied on pre-test consisting convenience sample of 112 consumers, which generated nine brands from various sectors (banking service, travel agency, fast food restaurant, full-service restaurant, coffee shop, hotel, car rental, movie theatre and telecommunication). The findings of this research reveal interesting results; *fit* is not found to be the dominant driver of brand extension success, nevertheless as hypothesized perceived parent brand quality (consisting outcome quality, physical environment and interaction quality) is the main determining factor. However, *fit* was also seen as a substantial contributor to brand extension success. All the sub-constructs have an impact except outcome quality which has the most impact on service brand extension success. Authors also found that

the degree of impact of parent brand conviction, parent brand quality and perceived fit would change depending on the type of parent brand.

Figure 2.6 - Inverse Relationship of Risk and Quality



Boisvert and Ashill (2011) have discussed the impact of brand innovativeness and parent brand quality on service line extension. Furthermore, how this relation is moderated and mediated by consumer involvement which leads to attitude formation for an extension and behavioural intentions. Their findings propose that the perceived innovativeness and quality of the extension has considerable impact on attitude formation for the extension and this is moderated by the level of consumer involvement. Their research also suggests that effect of extension quality on new service line extension attitude is higher when level of consumer involvement is higher.

Involvement is defined as “the level of perceived personal importance and/or interest evoked by a stimulus within a specific situation” (Blackwell, Miniard, & Engel, 2001, p. 91). Consumer involvement is a “persons perceived relevance of the object on inherent needs, values and interests” (Boisvert & Ashill, 2011). Depending the level of involvement, while in decision making process consumers make an effort to reduce the risk and maximise the benefits thus making a wise decision (Blackwell et al., 2001). Involvement can be either high or low; the degree of CI is generally dependent on the perceived importance of the service. In other words, if the service is more important to the consumer they will investigate more and be more involved in the decision making process (Blackwell et al., 2001).

Past research shows that involvement has an impact on decision making process and information processing (Boisvert & Ashill, 2011). Information can be processed using either of the two central or peripheral routes. If a customer is looking for a high involvement new service, he/she will be motivated to scrutinize the information in-depth i.e. will take a central route. Similarly, if the customer is looking for a low involvement service he/she will not spend much time on investigation but will focus on overall brand image of the service provider (consumer have a pre-established attitude about the provider) i.e. will take a peripheral route (Boisvert & Ashill, 2011). Central route is associated with high involvement services and peripheral route is associated with low involvement services. When consumers are making any purchase decision they are engaged in a problem solving phase where they evaluate several factors to make a proud decision. There are three main factors effecting problem solving including degree of involvement, degree of differentiation between options and amount of time available to make the decision. As can be seen degree of involvement is one of the main factors influencing problem solving (Blackwell et al., 2001).

Research on consumer decision making suggests that consumer involvement has a moderating effect on decision making (Boisvert & Ashill, 2011). As a rule of thumb it is obvious that consumers would prefer to maintain the relationship with the current service provider as they have an established trust on this provider and this is due to involvement-based dedication. In simple words higher the involvement, higher is the willingness to stay with the current brand and foster the relationship (Boisvert & Ashill, 2011). If this is the case, then it is interpreted and supported by research conducted by Boisvert & Ashill (2011) that extensions offered by the parent service brand will benefit from consumers involvement with the parent service brand.

Brown et al. (2011) in their conceptual study propose a theoretical framework that requires empirical testing for product-to-service brand extension in B2B (Business to Business) context. Brown et al. (2011) investigated factors effecting success of product-to-service brand extensions in B2B context. According to these authors the antecedents of service brand extension success that are important include: parent brand strength, perceived service competency and ability to enhance utility, marketing communication, buyer-seller relationship and shared innovativeness. Brown et al. (2011) investigated factors effecting success of product-to-service brand extensions in B2B context.

Value is “defined by and co-created with customer” in business markets. Customer is an equal partner and value of the service can be realised only through co-creation. Services do not have any value until the offering is consumed. Consumer experience and perception are significant to service value determination (Lusch et al., 2007). Services are intangible and involve lot more risk as compared to goods. Service brands can lower the risk perception or enhance the value perception or thrive for both. Risk can be reduced depending on the type of service and the level of service intensiveness. The nature of the offering and the level of intangibility explain the intensiveness of service e.g. consumables retail store and restaurant. When brands extend into different categories the service intensiveness is likely to be changed. Parent brand could be dealing in products and extending to service or a less service intensive parent brand extending into more service intensive category. Research shows that parent brand with strong service intensiveness can induce a more successful service brand extension where the extension is less service intensive (Pruppers et al., 2004). This relates to the *Fit-transfer* construct proposed by Aaker and Keller (1990). A strong service intensive parent brand can easily transfer its resources like manpower, intelligence, skills to provide a less service intensive brand extension. At the same time the strong service intensive brand should not get involved with a service extension with too low service intensiveness as this could be perceived as incongruity and inconsistent (Aaker & Keller, 1990). It is difficult for a less service intensive parent brand to extend into a more service intensive extension as the firm will not be able to transfer its skills readily (Pruppers et al., 2004).

A commodity manufacturer planning to enter a service category will have to develop new set of skills to succeed. Literature on service brand extension suggests parent brand is an information cue for the customers however, in the above scenario parent brand will not be a positive cue for extension evaluation and might posit a doubt on parent brand’s ability to provide high quality service (Brown et al., 2011). Product parent brand and less service intensive parent brand will be positively evaluated if the extension made by these two brands is a complement to their existing product and service offerings e.g. Panasonic security camera installation service. When consumers evaluate the extension as value enhancing offering parent brand builds confidence and reduces uncertainty among consumers. Value-added services are an example of value enhancing offering and this is discussed in detail in section 2.9

2.7.2 Similarity or Fit

Similarity or *Fit* between the parent and extension service brand is an important aspect of brand extension (Aaker & Keller, 1990; de Ruyter & Wetzels, 2000; van Riel et al., 2001). Aaker and Keller explain that if the extension is very far off or inconsistent with the parent brand's existing associations and offerings beyond customers' expectations, consumers will have difficulty in placing their confidence on the brand. At the same time the brand will be doubted for going beyond its capabilities and competency (Lei et al., 2008). Similarity/*Fit* is two dimensional, consisting of product related similarity and non-product related similarity. Product related similarity is when extension and parent brands have similar attributes or usage. Non-product related similarity is more abstract and deals with how an extension reflects the parent brand, if the extension is similar in brand meaning then non-product related similarity is high. Non-product related similarity is more applicable when extensions are made in a completely new market (Ruyter & Wetzels, 2000).

The main motive for introducing an extension is to leverage the brand equity of the parent brand. It is possible by looking through the consumer's perspective of leveraging the brand equity by enabling transfer of brand affect from parent brand to the extension product. Affect can be explained as a liking for any brand and its products. Affect transfer is the movement of this affect from one subject to the other (Liu et al., 2010). Transfer of affect is high when there is some similarity or *fit* between by the parent brand and the extension product. In this transfer process two types of fit can be identified - first the fit between the parent product and the extension product category and the second is the fit between the parent brand and the extension product category (Liu et al., 2010). The affect transfer from parent product to extension product category can take two routes - from parent product to the extension product category or the other route from parent brand to the extension product category.

Parent Product----- Fit -----Extension Product Category

Parent Brand----- Fit -----Extension Product Category

It is identified that brand extension studies signify that consumers focus on the relationship between parent product category and extension product category to evaluate an extension. At the same time parent brand and extension category *fit* is also significant as a brand is viewed as a set of attributes, benefits and attitudes. It is vital to influence some attributes that fit logically with the extension category in order to

leverage brand equity smoothly. Out of the two types of *fit*; parent brand *fit* is more relevant and significant for brand extension success and to leverage brand equity (Liu et al., 2010). Lei et al. (2008) in their study on consumer's response to vertical extensions found that extensions closer to parent brand are more successful and evaluated positively as against far off extensions. However, this is not suggestive that brand managers can never introduce far extensions.

2.7.3 Relevance of Innovation for Service brand Extensions

Companies must constantly update their product/service portfolio to keep ahead of the competition and any company that fails at this task is left behind among the race. However, when all the players in the market have similar offerings the next stage is competitive stalemate. This situation is unavoidable if the product/service offerings are similar resulting in reduced return of interest. Innovation is a significant strategy to avoid “tragedy of commonness”- due to reduced differentiation in market, too many similar options, losing the uniqueness of the service/product offering (Shelton, 2009, p. 38). Introduction of new service is closely related to innovation as innovation is an important feature of brand extensions. When companies decide to broaden their service offering portfolio they may opt for an innovative new service. Instead of altering and making minor changes to the current offering and depending on the market conditions brands managers can look out for developing a new service offering based on innovation. Especially in service brand extensions taking support of innovation is very much satisfying to the company and its customers (Shelton, 2009; TomTom, 2012). According to SD logic, it is imperative for firms in current dynamic market to adopt service innovation as it is impossible for the firms to be stuck in their value proposition by offering obsolete services. Service innovations adopted by the firms to stay ahead of the competition are result of various competencies that a firm must renew, create, integrate and transform constantly (Lusch et al., 2007).

Attributes of Innovation Model (AIM) by Rogers would be useful for the service brand extension literature. Rogers identified key attributes that influence innovation adoption and acceptance. The five attributes are; *relative advantage*, *complexity*, *trialability*, *compatibility* and *Observability* (Asare, Alejandro, Granot, & Kashyap, 2011).

- *Relative advantage* refers to the perceived added advantage or superiority of the innovation against the one it is replacing. Attribute of *relative advantage* can be loosely similar to Aaker and Keller's *substitute* component. Relative advantage

is an important concept for service brand innovation due to the nature of services. Unless the new proposed service has some added advantage as compared to its preceding service, the new service won't be accepted among its customers. Unlike goods whose innovation can be seen and felt, service innovations are observed in the difference in the service levels of old and innovative new service. If the new service has no relative advantage, there won't be much difference between the old and new service. Therefore, customers won't be able to distinguish between the old and the innovative new service which may lead to losing customers and the opportunity to the competition.

- *Complexity* is the perceived difficulty or ability to understand the innovation for implementation. Electronic or technological products, some internet based services and DIY services involving customers involvement have the *complexity* attribute attached to them.
- *Trialability* is the degree to which an innovation can be used on trial before adoption. Services do not have the concept to trial before use however, it is of great significance for risk-bearing services for e.g. trial of a paper lecture in a university (Asare et al., 2011).
- *Compatibility* is the extent to which the innovation is perceived to be suitable for the adaptor's needs and wants. Compatibility is a significant feature for service any innovative service due to the simultaneity feature. Customers are an integral part of service delivery process and at times customers are co-creators of services. For services like DIY or ordering a sub at Subway, it is important that the service process is easy to understand and follow.
- *Observability* refers to the innovation results being easy to observe. Observability is extremely significant and if the results of innovation are not seen in services; it would be seen as useless and not worth the resources spent on it. An innovative service would come at an added price and it is important that customers are able to justify the asking price. Unless customers are able to understand the added value derived from an innovative service they won't be able to make a purchase decision or justify the cost of the new innovative service.

These attributes have being tried and tested by practitioners and research suggests that these attributes influence consumers' attitude for innovation adoption (Asare et al., 2011). Companies with strong brands always strive to be different and this makes them

strong and competitive in the market place (Berry, 2000). It is clear that strong brands have many advantages and being market-oriented is the key to become a strong brand. One attribute of a market place is that it is never constant as customers' needs continuously evolve. Being market-oriented is aptly explained by Jaworski & Kohli (1993) as "delivering consistently high quality products and services requires on-going tracking and responsiveness to changing marketplace needs." Market-driven firms can realise and act on changing customer needs before the competitors realise. Firms that are market-oriented can understand customer's perspective about value and are also able to connect with customers more closely (Brown et al., 2011).

Brands like Hewlett-Packard, TomTom navigation, primarily offering goods are turning towards services to beat the competition. Over the past years due to ever-increasing competition, only product innovation is no more a survival prop. Product innovation alone does not provide sustainable competitive edge, and future growth opportunities. Brands like Apple Inc., GE have started to complement their product offering with add-on service innovations in order to become a solution provider. Solution selling has benefits like increased customer and brand value, more brand preference among target customers and increased chances of up-selling and cross selling resulting in added revenue for the firm (Shelton, 2009).

Many firms are completing their product offerings with a new innovative service as a value-adding service. Firms like Toshiba, Sony have all benefited as due to service innovations their brand preference increased along with their market position. For e.g. TomTom market leader in navigation introduced a free Map Share service among the users of TomTom devices (Shelton, 2009). Users have to register on TomTom Home and this not only lets its users update the map depending the road conditions and minor changes like road block or change in speed limit found by them but also share this with millions of other users registered on TomTom Home. The changes suggested are first checked by TomTom navigation specialists before users can share with other users. With the introduction of Map Share service TomTom was able to emerge from a navigation product to navigation service product that offers better and updated information to its customers depending on their needs. Shelton (2009) advocates that leading organisations of innovation continuously keep increasing their levels of service that helps them to advance in solution management which is a more futuristic view as against just product management.

2.7.4 Perceived Fit and Innovativeness

Perceived fit and innovativeness of a brand are two different concepts and there is negative relationship between both. Fit can be explained as a strategic match between parent service brand and the service extension, having common or similar target audience and brand value (Becker-Olsen & Hill, 2006). Research (from Aaker and Keller 1990; Boush and Loken 1991; Broniarczyk and Alba 1994; Keller and Aaker 1992; Speed and Thompson 2000) shows that when fit is considerably high consumers do experience cognitive consistency and similarly when fit is low they experience cognitive inconsistency (Becker-Olsen & Hill, 2006). Fit is viewed as important as consumers always seek consistency and do not like change of thoughts however it cannot be true for kinds of consumers.

Innovation or innovative thoughts or offerings are always novel and there is very low chance of an innovation being consistent or similar to its predecessor; in fact, if an innovation is similar to any product/service it is not considered as an innovation. Prior studies have explained the importance of innovation and consumer's positive attitude and high receptiveness to innovative offerings (Brown et al., 2011). Consumers look for change and they get bored of monotonous offerings, therefore innovative consumers are more likely to evaluate an innovative brand extension positively. These consumers are risk takers and they understand the risk associated with an innovative brand extension. These consumers are likely to be early adaptors and also less concerned about fit between parent brand and its extension (Brown et al., 2011). Innovative history and reputation of parent service brand may result in success of a brand extension scoring low on fit/similarity with parent brand.

2.7.5 Employees as Brand Extension success Driver

Services are inanimate where employees give the human touch to the services thereby distinguishing services from their counter parts - products. Employees are highly significant for the service delivery process and their skills distinguish one service brand from other service brands in the market. They are the performers of the service and their ability to deliver good and consistent service is directly related to their attitude towards the brand. Employees are not only significant resource for service firms but also for product firms, this is confirmed by a statement made by Sony' ex-chairman and co-founder Akio Morita 'it is not just the manual labour of the employees that allows a company to dominate the global market, but mainly the contributions of the employee's minds that make the difference' (Kandampully, 2002). Employee actions can make or

break a brand and therefore transform brand vision to brand reality. Employees' on-the-job performance is directly proportional to customer experience with the brand (Berry, 2000). Employees should be considered as internal customers that are serving the external customers of the organisation. It is important that they feel connected and are committed to the brand so that they can transfer their feelings and passion for the brand to the external customers. If employees are not brand loyal and brand followers they cannot pass the passion to the customers, and customers will be able to sense this discomfort among employees and this is detrimental to the overall brand image. Internalising the brand is not only educating employees but also and cost-effective marketing promotion of the brand. Internalising the brand is about selling and explaining the brand to the internal customers i.e. employees. Internalising the brand is a two-way communication between management and employees, this is possible through employee training and strengthening, and empowering the employees. It is about encouraging good behaviour, celebrating and recognizing achievements of the employees and most importantly it is about employees, involving them in the growth of the brand and growing the brand with them (Berry, 2000). As mentioned before services are intangible and this is relevant for the employees as well. Branding a service offering is an opportunity to build trust among the internal and external customers (Berry, 2000).

2.7.5.1 Employees as Operant Resource

Over a period of time organisations have evolved from considering the employees as slaves to workers to stakeholders to internal customers. Co-creating and co-production is one major proposition of SD logic. Organisations that view their employees as operant resource are more capable of identifying and developing innovative skills of their employees thereby leaving competition behind. Inter-activity and involving customer as against acting on customers is the prime of SD logic (Lusch et al., 2007). Co-creation and co-production is only possible if a firm has motivated employees that can also motivate customers. Achieving this goal is not possible without employees or in other words without service performers. Important to SD logic is the super-ordination of the operant resources over operand resources and for this to occur, value must be rooted in operant resources and be co-created through collective effort of the organisation, its customers and the employees. Employees in majority of the firms are treated as replaceable resource and treated in a transactional manner which in turn leads to important information confined by the employees and not passed to the management. Employees when accepted as operant resource become a rich source of skill, knowledge

and motivation. As against traditional believe of treating employees as servants it is proposed that managers or service–leader’s role is to assist and serve the employees instead of employees serving the leaders. A manager takes the role of a facilitator and helper to the employees (Lusch et al., 2007). Although this perception about manager–employee relationship is novel it is accepted and adopted by few organisations only as it is a revolutionary idea that requires changes in the management and society perception.

Relationships are valued in SD logic; services have the human factor whereas goods are inanimate. Goods cannot be the main unit of creating relationship at the same time employee are partners in a relationship (Lusch et al., 2007). SD logic suggests that employees are an integral part of a business and not a resource that can be easily replaceable. The management style and the information flow in SD logic is not from top to bottom instead it is a two way communication. SD logic suggests an exchange is not only about goods, it is about the parties involved who discharge specialized services to help others thereby benefiting themselves also (Lusch et al., 2007). SD logic believes in engaging channel partners in the process of delivery, information sharing (Brodie, Glynn, & Little, 2006; Lusch et al., 2007).

2.8 Influence of Corporate Culture and Human Resource Management on Services

Corporate culture and human resource management are crucial for service organisations. The words ‘human’ and ‘culture’ have innate meaning; historically ‘culture’ is associated with humans and humans with culture. This relationship is important not only in general but also in corporate world. Culture defines and differentiates humans from one another and also corporates for e.g. Google Inc. is known to have a dynamic and informal corporate culture, as against Yahoo’s bureaucratic corporate culture (Markoff & Richtel, 2008). Corporate culture has a direct effect on human resource commitment and thereby customer relationships management (Homburg et al., 2003). Generally for both, B-to-C and B-to-B settings brand managers employ several techniques to promote their brands including use of various media and the public relations activities like sponsorships (Brown et al., 2011). It is agreed that marketing support activities like advertisements are crucial for brand success however in business settings these are not enough. What drives success in B2B arena is the

personal touch of the sales force. The personal interaction and the tailor-made services rendered by the selling staff is the key determinant of effective and long-term relationship between a business and its clients (Brown et al., 2011).

If traditionally a firm is product-oriented but seeks to become service-oriented, it will have to depend on trained, selected, experienced employees (Homburg et al., 2003). At the same time having a futuristic view the firm must recognise and reward employees performing competently towards its vision of attaining service-oriented status. In B2B settings the clients are well-informed individuals and groups, these customers would like to interact with sales staffs that are skilled to explain product or service features with great enthusiasm and knowledge. It is the firm's responsibility to train its employees at every stage and retain committed human resource.

2.9 Value-added Services-As Brand Extensions

Value-added services offer the competitive advantage over competitors. In a clustered market place it is important to stand-out and gain customer attention and one of the ways is by banking on value-added services (Homburg et al., 2003). Value-added service can be explained as any service in addition to the core service or product offered by the firm (Bhattacharyya & G, 2011). It does not cannibalize on the core services but as the name suggests it combines and promotes core service. Value-added services not only enhance the competitive advantage of a firm but also leverage growth and revenues (Bhattacharyya & G, 2011). Value-added service adds value to the core service hence customer realizes more value from core service consumption. Value-added services can be seen as complement to the core service as it cannot completely survive by itself. This is in conjunction with Aaker and Keller's *Fit- complement* construct as value-added services always have some similarity with the core service and cannot exist without the core service, e.g. voice mail service is a value-added service from telecom service firms.

Value-added services enhance Customer Lifetime Value (CLV). CLV is defined as "net present value of the profit streams a customer generates over the average customer lifetime" (Wübben, Wangenheim, Evanschitzky, Vogel, & Lemon, 2007, p. 310) or in other words CLV is a model that helps to assess the business profitability by predicting the length of the relationship between business and its customers. Extending existing

customer's lifetime value is important as it is cost effective as it is argued that acquiring new customers costs five times more than retaining existing customers (Bohari, Rainis, & Marimuthu, 2011). Augmenting customer value is in hands of the organisation and its skill and knack to supply additional benefits to its customers (Brown et al., 2011). The more time customers spend with the firm the better, the easier it gets to fortify an on-going relationship than creating new ones. This can be done by being market-oriented, understanding customers better than competition (Thakur & Summey, 2010), creating emotional attachment and broadening the choice for customers and becoming a solution provider. Buyer-seller relationship is augmented by stretching the variety of services offered to customers. This is done by introducing more and different services in the basket that customers can choose from thereby staying with the organisation for longer time period. Value-added services augment customer add-on buying behaviour which is significant for enhancing CLV and financial returns (Wübben et al., 2007).

SD logic advocates strong buyer-seller relationship to create strong service brands by developing closely monitored and tailored customer solutions which is also beneficial in the long term for service brand extension success (Brown et al., 2011). Buyer-seller relationship is not only significant in B2B scene but also in business-to-customer scenario in the service sector. It is not the tangible products that should become the centre of action but the benefit derived from the service provider or in other words the solution to a problem that leads to customer acquisition (Lusch et al., 2007). Customer relationship management (CRM) is crucial for service brand success as appropriate knowledge of customers' needs will enable communication targeted at individual customer and not a mass-communication that is devoid of personal voice. An effective CRM enables marketing to the right customers, attract customers similar to the existing ones and at the right time with right amount of cost. It is noteworthy that CRM is not only about customer data management but also about bettering customer experience with the brand (Baran, Galka, & Strunk, 2008).

In B2B area value in exchange is calculated as a monetary worth of economic, technical and social benefits received by the customer in return of money spend on purchasing a service or a product (Brown et al., 2011). In business-to-customer area this applies to a large extent, customers assess services based on the quality, uniqueness, service delivery experience and usefulness when paying for it. To survive the competition B2B organisations must be able to provide additional services at the lowest cost. Product-to-service extensions are useful when extensions include a tangible and an intangible

element, relevant to the product. In product-to-service brand extensions the service extension is a value enhancing effort and can be seen as a value-added service.

2.10 Expectancy and Affect Transfer

Affect and its impact on brand has been studied by various researcher like Averill,1991; Bower, 1981; Chaudhuri & Halbrook, 2001; Fiske & Pavelchak, 1986 (Liu et al., 2010). The affect transfer process explained by Fiske and Pavelchak (1986) is based on the schema-triggered affect transfer and it is the most interesting one of all the other theories on affect transfer. According to schema-triggered theory affect is transferred when a new product is similar to the original product and matches with original product's existing schema. Schema is "a cognitive structure that represents knowledge about a concept or type of stimulus, including its attributes and the relations among those attributes" (Liu et al., 2010, p. 318). Liu et al. (2010) also suggest that expectancy and relevancy are two dimensions of congruency that manipulate processing of information cognitively. Expectancy can be explained as the extent to which a piece of information is part of some predetermined pattern. When this information comes unexpectedly it requires some deep processing to encode so that result is a better brand recall. Relevancy is the extent to which the information is related to the basic theme of the message (Liu et al., 2010).

Expectancy and affect transfer are interrelated concepts and it is important for brand extension success. Expectancy is mainly relevant for fit between parent product category and extension product category, it explains the expectations customers have from parent product firm to provide/produce extension product living up to their expectations. Expectancy is a broad term as perceived fit, attribute similarity, benefit associations are basic conditions for formation of expectancy. Expectancy is inclusive of product knowledge, past experience, perceived fit to form judgements about the connection between parent product and extension product (Liu et al., 2010). Expectancy generates information processing and accelerates positive affect and once customers have recollected their past experience with the parent brand they would start having some expectations from the parent product. Based on past experience, product category information and some beliefs about the parent product form expectancies from the potential new brand extension.

Results of Liu et al (2010) indicate that relevancy signifies strength of the affect transfer and also pushes the amount of affect transferred to extension product. Expectancies are related to many factors like brand knowledge, product knowledge, past experience and word-of-mouth. When a competitor launches a product this may also ignite expectations among customers regarding the firm's current products or from the firm's future promotional strategy. The results also show that not every product category extensions respond similarly to expectancy and relevancy (Liu et al., 2010). For e.g. When Apple launched iPhone as extension, Samsung and Nokia customers had expectations from their own brands as to launch of similar multi-function phones. Brands that are market-oriented would respond to such expectancies and introduce extensions on the right time. Such extensions are welcomed and adored by the customers.

2.11 Perceived risk in service brand extensions

Risk is a situation where the person feels some sort of insecurity or chances of bad outcome are higher. Research on consumer's risk perception outlines two major factors associated with consumers' perceived risk- uncertainty and consequence (Lei et al., 2008). Bauer back in 1960 explained these two factors in a single sentence "*consumer behaviour involves risk in a sense that any action of the consumer will produce consequences which it cannot anticipate with anything approximating certainty, and some of which at least are likely to be unpleasant*" (Bielen & Sempels, 2004, p. 4). Perceived risk is positively correlated with uncertainty and consequence. More the uncertainty and fear of undesirable consequences more is the perceived risk. Perceived risk tends move upwards along with higher levels of uncertainties and greater possibilities of negative outcome (Lei et al., 2008). Perceived risk is elevated in situations where the offering is a service. Due to the intangibility associated along with services, consumers have very little information about services prior to purchase which increases uncertainty in consumer's mind. Perceived risk leads to anxiety among customers which then leads to unfavourable service evaluations. As Flippe (1984) mentions "intangibility of services is the key cause of this perception of a higher level of risk" (Bielen & Sempels, 2004).

Lei et al. (2008) suggest different types of risk including performance, social, financial, physical and psychological. Bauer (1960) listed some types of risk as follows

“A consumer perceives a risk with regard to the purchase and /or the consumption of a product/service when he/she perceives uncertainty related to the whole set of possible negative consequences of the choice. These consequences can be financial, functional, physical, psychological, social or time-related, to various degrees.” (Bielen & Sempels, 2004).

From a consumer’s perspective they focus only on performance and financial risk as these are normally associated with purchase decisions of a new product/service. However, it is argued that along with performance and financial risk, social risk is also very much important, and in some instances physical risk as well (consider a new service to be hair salon or tattoo salon). Social and physical risk are significant in service settings as social approval is a deciding factor during some decision making incidents for e.g. A businessman travelling business class instead of economy class may be is largely due to social risk and his want to be part of a social group of affluent businessmen. Performance risk is the doubt regarding the performance of the service/product, which multiplies with the presence of uncertainty or prior service failures. Perceived performance risk and financial risk is higher when evaluating step-up extensions as compared to step-down extensions. However, consumer’s prior knowledge with the brand does play an important moderating role here (Lei et al., 2008).

Depending on its target customer, consumer involvement and the degree of sophistication and nature of service offering, brands with greater degree of sophistication must have high levels of competence & service handling capabilities and be able to communicate this to their target consumers so as to reduce uncertainty and risk perception (Lei et al., 2008). This is more relevant and required when the brand is introducing step-up brand extension as consumer might doubt the parent service brand regarding its knowledge and its capability to be able to deliver a higher scale extension. Similarly, when a brand is introducing step-down extension parent brands associations can reduce risk perception and elevate consumers’ confidence on the firm capability to deliver a down-scale extension as well as on the extension service (Lei et al., 2008).

Service guarantee is an effective tool to reduce financial and performance risk among consumers while they evaluate a new brand extension. However, Lie et al. (2008) through their research found that service guarantee is not equally effective to reduce risk perceptions for different types of vertical extensions. Service guarantee is most

effective when a firm is introducing a step-up brand extension as against step-down extension. Customers have uncertainties and doubts when a firm plans for a step-up extensions in regards to the firm's capabilities and resources and therefore some sort of assurance is required to calm the doubts and questions, service guarantee serves as a coolant to consumer minds.

2.12 Reciprocal effect of brand extensions

Brand extension are introduced to leverage a brand's equity, a successful brand extension has positive effects on the parent brand by strengthening the memory structures related to the parent brand (Kumar, 2005). There are two sides of a coin and this is also applicable to brand extensions. Extensions can have adverse side effects on parent brand. Unsuccessful brand extensions can cannibalize on the long established parent brand image ceaselessly. If service brand extension is successful it will leverage the brand equity of parent brand, similarly if the service/consumer brand extension fails in the market it can jeopardize the present and the future of parent brand. A successful parent brand's failed extension is evaluated together by the consumers thereby questioning the actions of parent brand to launch such an extension which disappoints parent brand's loyal and new customers. The long-term side effects include shaken brand equity and troubled future value and doubtful image of parent brand as a strong brand and the parent brand's ability to introduce a worthwhile brand extension (van Riel et al., 2001).

Failed extensions also weaken consumer's positive associations or leverage negative associations with the parent brand, and this could be very injurious to parent brand's health. Brand managers must be aware of the risk associated with failed extensions. In current competitive scenario it is important for a brand to be in the right place, at the right time. Failed extensions are not just waste of resources but most importantly the loss of time, the 'right time' (which is significant) and leads to missing market opportunities (Brown et al., 2011). Failed extensions are like parasites responsible for decreased parent brand sales and losing to competition. Brand managers must therefore be careful and take informed decisions and make strategy that do not devalue or dilute parent brand image.

Companies adopting umbrella branding strategy are exposed to this risk the most. All their products and brand offering are linked to each other and have common brand associations. The intensity of risk in case any brand extension backfires will have lopping effect, effects will spill over on all the offerings and at the same time leave little possibility for further future extensions (van Riel et al., 2001). Another area that is also at high risk due of failed extension is product – to – service brand extension, as established ways of thinking and acting must be overturned and new techniques must be learned (Brown et al., 2011). There is certainly a need to prevent such failures in brand portfolio, for marketers to be able to make wise decisions they must rely on research on determinants or antecedents of brand extension success.

2.13 Conclusion

The chapter aimed at reviewing the major studies relevant for service brand extension and how these topics lead to extension success. The discussion started with service brand extensions and the research conducted by Aaker and Keller (1990). The Quality, Fit and Difficult were predicted to be extremely relevant for extension success however research by Brown et al. (2011) lays down the importance of quality and brand strength alone. Many researchers have concluded that Fit is extremely significant and this is the general argument in the chapter as well. There is no unanimous consensus in the literature regarding the degree of importance of Fit for service brand extension success. The current research is an attempt to answer the questions regarding the importance of brand strength, fit, and transfer of skills for service brand success.

Table 2.2 – Relevant Research on Brand Extensions

Author/s	Contribution/Findings
Lusch, Vargo and O'Brien (2007)	Based on the nine foundational premises of service-dominant logic, authors have developed nine propositions to assist marketers to compete through services.
Pitta and Katsanis (1995)	Proposed benefits and risk associated with brand extension.
Aaker and Keller (1990)	Proposed the varying parameters and correlation between qualities, fit and difficult factors considering evaluation of brand extension by consumers.
Lei, Pruppers, Ouwersloot and Lemmink (2004)	Proposed that product extension quality is evaluated more positively if it involves lower service intensiveness, consumers evaluate parent brand based on different degrees of service intensiveness of the extension product.
Boisvert and Ashill (2011)	Proposed that perceived extension quality of service line extension affects the attitude towards the service line extension and also plays a mediating role on the effects of extension innovativeness on extension attitude. Consumer's involvement in the extension moderates the relationship between attitude and extension quality.
Brown, Sichtmann and Musante (2011)	Developed a conceptual model of the drivers of success for B2B product-to-service brand extensions.
Volckner, Sattler, Thurnau and Ringle (2010)	Proposed that parent brand quality is the main driver for extension success and not the perceived fit and also discuss the impact of three dimensions of parent brand quality on the perceived quality of service extension.
O'Cass and Grace (2004)	Explores consumers' experience with service brands and found that country of origin and word of mouth as insignificant however, consumer's service brand associations influences brand attitude, and attitude along with associations determine the intention to use a service brand.

Berry (2000)	Presented a service branding model that highlights the salient role of customer's service experiences in brand formation. Also found that branding is a principal success driver for service firms.
van Riel, Lemmink, Ouwensloot (2001)	Replicated the Aaker and Keller's study in services domain and found that, in services settings consumers use complementarity of the extension with the parent brand category to evaluate the service extension.
Czellar (2003)	Proposed an integrative model of the antecedents and consequences of brand extension attitude based on the cognitive paradigm.

Chapter 3 Methodology

3.1 Introduction

The following chapter is methodological justification for this research. Chapter 1 had a brief discussion of research method and research methodology, in the following sections the general argument is that interpretivist inductive research with semi-structured interviews is very well-suited to study consumers' perception on services and service brand extensions. As mentioned in chapter two, there is clear indication on the importance of *Quality* for brand extension success however; there is disagreement on importance of *Fit*. The past researches are also unable to suggest the degree of importance of Quality, Fit, Difficulty, Innovation, Employees as no research has studied these constructs in one single research. The past researches have adopted the number crunching quantitative methods thereby approaching respondents with pre-determined brand extension drivers. The current research is an attempt to give consumers the opportunity to generously share their views which is possible only through qualitative methods.

This chapter aims to: (1) explain the research methodology adopted, (2) describe the sample selection and its process, (3) the instrument for the research and procedure of data collection and (4) explain the data analysis and the software used to analyse the data. Chapter starts with an explanation of relevant terms followed by a section on selection of brands for the study. Research questions are then explained in detail.

3.2 Research Methodology

3.2.1 Epistemology

Paradigm is the basic orientation of the whole system of thinking. Qualitative and quantitative researchers are highly influenced by their philosophical paradigms but are also separated by their basic research paradigms. As presented by Guba (1990) “a paradigm represents a patterned set of assumptions concerning reality (ontology), knowledge of that reality (epistemology), and the particular ways of knowing about that reality (epistemology), and the particular ways of knowing about that reality (methodology)” (Crabtree & Miller, 1999, p. 8). Based on prior research there are four research epistemologies: Positivist, post-positivist, interpretive and critical theory.

Positivists believe that only scientific knowledge and/or observable phenomena is authentic and worth studying and researching. Post-positivist are a newer generation of positivist that believe human knowledge is not based on rigid and unchangeable ideas and foundations, but on conjectures (any theory or proposition which is not proved but still believed to be true) and post-positivists study unobservable phenomena like affection or leadership. Critical theorists although uncommon are gradually increasing. Critical theorist believe that social truth has been formed historically and people are passing it on to the new generation sometimes without understanding the actual motive behind it. A critical researcher believes that the worlds has some strong power hierarchy which is unfair to certain groups of people and seek to change the social condition by suggesting improvements. Critical researchers thrive to make the world a better place to live in by bringing in positive change in subjugated minds, lead and act as a champion of these people. Interpretivist and critical theorist mingle directly with the subjects and are hence similar with respect to their epistemological perspectives (Myers, 2009). Karl Marx is one of the most known critical theorists, the above discussion is summed up by him as “Philosophers have only interpreted the world in certain ways; the point is to change it” (Andy & Tom, 2010, p. 8). Understanding and knowing a researcher’s paradigm is significant as it helps to understand the research and to relate with the author’s thoughts and arguments.

Interpretivists (also known as constructivists) believe that knowledge is constructed from multiple realities which can be accessed only through social constructions like shared meanings, language, etc. Reality cannot be understood from a distance or standing aloof from it, it is important to be part of it to understand the truth by making sense of the situation based on social and cultural context (Myers, 2009). Interpretive researchers tend to study the social science phenomena because the meaning generated from this context is capable of explaining the real meaning of any situation for e.g. ‘Gas station’ in New Zealand means a place to buy fuel for vehicle however; it has different names and meaning around the world. For someone from India ‘gas station’ would mean a place to get the kitchen gas cylinder (LPG cylinder) filled and the place where vehicle fuel is sold is called ‘petrol pump’.

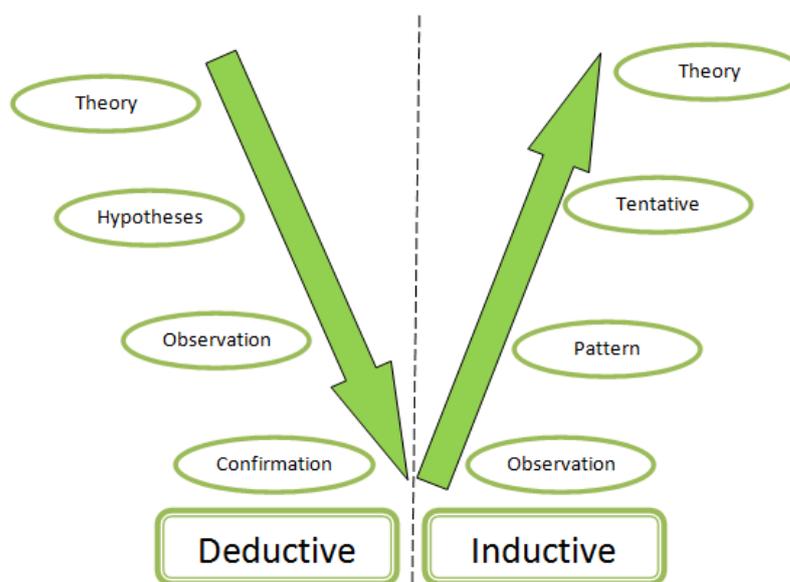
Understanding cultural jargons are imperative for a researcher but it is important that he/she have a comprehensive understanding of the meaning assigned to those words not just culturally or linguistically but also by understanding people and their behaviour. It is important that the researcher thinks with an open frame of mind as any kind of

assumptions could act as a mental block that will not allow for complete and realistic understanding of the topic. Customers are the whole and soul of any brand specifically service brands due to co-creation of the service delivery process. Co-creation can be seen as a collective problem-solving tool of buyer and seller. For co-creation to occur customer has to be involved in the value creation process hence consumer plays an indispensable role in value co-creation. This is a more modern view and also one of the main axioms of SD logic. The meanings assigned by customers are unique and interrelated with the facts, social rules, circumstances and these meanings change as the situations change for the customers. Natural science or scientific method is not the answer for every human action, behaviour and social phenomena. Interpretive researchers believe that there are many realities and every individual has different requirements, views and opinion which are significant to the current research as it attempts to find out consumers view on drivers of service brand extension. Understanding the moral customs, pragmatic views of customers and treating responses from each respondent unique is native to interpretative research as well as for the current research. The past researches conducted on service brand extension were predominantly quantitative and very few of them attempted a dialogue/conversation with the customers while conducting research. Hence, there is need to have a dialogue with the respondents, to understand the meanings assigned by them, their view on service brand extensions. Having a dialogue between the researcher and the respondents to collectively construct meanings is supported by interpretive research. Thus, the epistemological paradigm of the author is predominantly interpretive and is essential to conduct this research as it is extremely significant to interact closely with the customers of the service brands.

3.2.2 Inductive Research Process

There are two main data analysis processes: deductive and inductive. Deductive process is implemented when researcher already has a theory that needs to be tested i.e. When hypotheses about a relationship are developed from the theory it is deduction (Hair, Bush, & Ortinau, 2003). Unlike deductive research there is no such strong relationship between conclusions and reasons in inductive research (Cooper & Schindler, 1998). Deductive is also known as top-down approach and inductive as bottom-up approach as illustrated in figure 3.1.

Figure 3.1- Inductive versus Deductive Research Process



The researcher here has adopted an inductive research process. The past few studies on service brand extensions have used quantitative methods for research. However, qualitative research is appropriate for developing a fairly under explored field such as service brand extensions (Myers, 2009).

3.2.3 In-depth Interviews

The current study is an empirical research based on primary data sources whereby, face-to-face semi-structured interviews are conducted in Auckland. Every data collection technique has its pros and cons, be it interviews or focus group but for the current study semi-structured interviews are appropriate. Focus groups require minimum 6-12 people discussing on a selected topic while a moderator plays the role of keeping them on track. Practically, the respondents themselves lead the discussion and explore untouched and various topics. Due to the nature of focus groups some respondents tend to feel conscious and hard to open up in presence of other respondents. For the current research, researcher had a set of questions to be answered however it was also important that respondents were able to express themselves without being conscious. Semi-structured interviews are well suited for the exploration of the perceptions and opinions of consumers regarding complex issues by enabling probing for more information and clarification of answers from respondents (Barriball & While, 1994). It includes the best of structured interview and unstructured interview and minimising the risks involved as they allow room for structure and at the same time room for improvisation. Although it provides interviewee with the opportunity to speak and contribute useful

insights, semi-structured interview gives the interviewer the opportunity to have some control on the flow of the interview to avoid irrelevant and off-track discussions. It is for these reasons that semi-structured interviews are very popular in business and management (Myers, 2009). The main advantage of a semi-structured interview is that new and challenging insights can be gathered from respondents during the interview and the researcher seeks to seize the opportunity.

3.3 Instrument for the Research and Data Collection Method

3.3.1 Development of Research Questions

Epistemology is an important factor and stimulus throughout the research. As epistemology deals with researcher's system of thinking and the way in which the researcher finds out about the reality, epistemology has an indirect influence on the selection and development of research questions along with selection of brands for the research and interviewing process. The aim of the research is directed towards the drivers of service brand extension success. Aaker and Keller (1990) proposed quality, fit and difficulty as factors affecting evaluation of brand extension by consumers. Boisvert and Ashill (2011) proposed that perceived extension quality of service line extension affects the attitude towards the service line extension and also plays a mediating role on the effects of extension innovativeness on extension attitude. Consumer's involvement in the extension moderates the relationship between attitude and extension quality. The literature review pointed that parent brand strength including parent brand image and parent brand quality along with fit or similarity have a significant effect on the service brand extension evaluation. However, literature review also found some disagreement on the importance of fit/similarity. For these reasons the following questions were proposed:

- For services, do consumers' perceive parent brand strength as a reflection for extension quality? And why?
- Is fit between parent brand and its extension an over-emphasized or under-emphasized driver for service brand extension evaluation? Does it play an important role in the success of the service extension?

Brands are extending into various directions irrespective of the parent brand's category, parent brand's service intensiveness, or whether a parent brand is innovative. Customers' perception about the parent brand's ability to deliver the extension is found

to have significance on the brand extension success. Czellar (2003) proposed an integrative model of the antecedents and consequences of brand extension attitude based on the cognitive paradigm and Berry (2000) presented a service branding model that highlights the salient role of customer's service experiences in brand formation. In the above researches and SD logic employees are an integral part of service brand however no prior research has studied employees in relation to service brand extensions. Employees are a significant resource for service brands and their skill and knowledge directly affects the quality of the service. As employees are the face of the service brand, customers' interaction with employees is an indicator of service brand failure or success. Parent brand's resources and its ability to transfer these resources in delivering the brand extension is found to be significant for service brand extension success. Based on this the following research question was proposed:

- How important is parent brand service competency/ability to supply/provide the extension?
- Do consumers perceive the transfer of skills and resources from parent brand to extension as an indicator of brand extension quality? And why?

As briefly mentioned in Chapter 1, the parent research question is directly communicative of the aim of the research. Based on the literature review and to explore and answer the parent question, four child research questions are employed that cover the essence of the research. Each child question deals with one single aspect of service brand extension success.

Main Research Question: *“What are the antecedents of favourable or unfavourable evaluations of the service brand extensions?”*

Sub-Research Questions:

- For services do consumers' perceive parent brand strength as a reflection for extension quality? And why?
- Is fit between parent brand and its extension an over-emphasized or under-emphasized driver for service brand extension evaluation? Does it play an important role in the success of the service extension?
- How important is parent brand service competency/ability to supply/provide the extension?

- Do consumers perceive the transfer of skills and resources from parent brand to extension as an indicator of brand extension quality? And why?

3.3.2 Selection of Service Brands

It was important that the brands selected were commonly used by most people, so that respondents are able to relate to interview questions as per their buying behaviour and thought processes. After the literature review and extensive research on some service brands five brands were shortlisted. The five brands were National Bank, AUT University, BP Gas Station, Super Shuttle and New Zealand Post. Out of the shortlisted five brands, Super Shuttle and New Zealand Post were finalised based on various research motives such as, widely used by Kiwis and they have been in the business for a long time. National Bank was not selected as it is involved in extensive marketing and it was important that the brands to be studied must not be involved in extensive advertising and promotional activities. This is significant to the research as consumer's brand associations and attitudes are altered through various marketing communication. It was anticipated that most of the respondents could be current students of AUT University and may not be completely comfortable in discussing about their current educational institution. In addition to this, research would face conflict of interest with AUT University and its current students as respondents. In case of BP Gas Station, it was seen that customers do not have much loyalty with gas station brands and therefore BP Gas Station was also not selected. Due to the popularity and market presence of NZ Post and Super Shuttle these two were finalised for study. Both of the above brands have strong presence in market in the respective businesses along with various brand extensions. Both Super Shuttle and NZ Post have ventured in brand extensions but on different levels, Super Shuttle is playing safe with extensions limited to travel category whereas NZ Post has sprawled in various categories that include postal, logistics, banking, etc. Additionally, as mentioned in section 3.2.1 the current research epistemology is interpretive in nature it was important that the selected brands provide an opportunity to mingle with the brand (marketing activities, market brand image), its service scape and customers. Super Shuttle and NZ Post did provide the advantage of interacting with the brand, customers and researcher has used and visited the service scape of both brands several times in past and during research.

As the research is primarily about consumers' perception it is imperative that the responses received from respondents are a result of extensive marketing and advertising. These two brands do not have an extensive promotional marketing history

which means these two brands have maintained a low/medium profile in advertising. Due to their advertising strategy and in promotional activities the brand associations developed and formed by consumers are due to their own personal experience with the brand.

3.3.2.1 Super Shuttle and New Zealand Post

Super Shuttle (henceforth SUS) is a New Zealand based transport provider offering airport transfers and custom transfers & tours. It started its business in year 1989 in Auckland and thereafter spreading all over the country. Super Shuttle is currently owned and operated by Tourism Transport Limited (Tourism Transport Limited, 2012). It offers door-to-door pickup and drop-off services to customers travelling to and from airport. Super Shuttle faces competition from many other airport transport shuttles, buses and taxis; however it is the most popular, convenient and offers competitive prices to its customers. Interestingly, while conducting interviews respondent RTH explained Super Shuttle as a cross over and hybrid of taxi and bus as taxi provides door-to-door service and bus is a shared transport from fixed bus stops. Along with their parent service of transporting people to and from airports SUS has been offering extension services like exclusive ride, meet and greet, wake-up call, custom transfers and tours for business and corporate clients (Tourism Transport Limited, 2012).

New Zealand Post is New Zealand's first postal service established in early 1830's and has varied services under its brand portfolio. It offer services like Courier Post, Contract Logistics, bill payment, travel insurance and have brands like Kiwibank, Datam under New Zealand Post Group (New Zealand Post, 2012). Over the years it has evolved and expanded in various fields like business logistics solutions, business information sharing along with services like gift cards, New Zealand souvenirs and iPhone applications. NZ Post faces competition from DHL, FedEx, NZ couriers, PBT freight, etc. While conducting interviews many respondents were unaware about the different types of services offered by NZ Post and almost more than half did not know that Kiwibank is part of NZ Post Group. They believed that it is a completely separate bank occupying space in many NZ Post shops.

While conducting the interview SUS was discussed in part one of the interviews and NZ Post in part two of the interviews. Ten participants were recruited for the research of which nine agreed to discuss and share views about SUS and nine respondents shared their views about NZ Post. The responses for SUS and NZ Post were data rich as the

respondents had used these services in past various times which enabled easy understanding of the interview questions. Interviewees generously shared their experiences and sometimes narrated a service encounter incident while answering the question.

3.3.3 Interview Question Guide

Due to the nature of qualitative semi-structured interviews, there is a need for an interview question guide rather than a definite questionnaire that follows a fixed pattern of questioning. The questions asked during the interview must be in accordance with the responses of the interviewee and hence the questions quite often are random i.e. not following a fixed pattern. The interview guide questions are based on the four research questions developed for the study. While developing the guide it is important to phrase the questions in the easiest way possible i.e. without the use of marketing jargons like *brand extensions*, *parent brand*, etc. The interview guide questions were revised two-three times with assistance and guidance from fellow colleagues and research supervisor. During the revision process, questions were deleted/added, rephrased and/or language was simplified for easy understanding.

The interview guide for both Super Shuttle and New Zealand Post are very similar as shown below.

Super Shuttle

- When you think of service brand Super Shuttle what comes to your mind?
- What other services would be good for Super Shuttle customers according to you? (*to get the discussion further, if the respondent does not provide any new service interviewer will prompt with flowing example- Car rental, Local sightseeing and Tour services*)
- Why do you think these new services are a good option for Super Shuttle to diversify into?
- Service brand Super Shuttle was originally started with transporting passengers to & from airport only. Now they have additional services like exclusive ride, meet and greet (*discuss*).
- Thinking about the possible new services you mentioned why would you buy their service extension brand, because it is from the ‘Super Shuttle’ or any other reason?

- According to you what is important from among these - competency (capability), resources availability or ability of Super Shuttle to provide its additional services? Are all these important? How?
- Why would you buy their service extension brand?
- If Super Shuttle is good at transportation related service does it imply that their other services will be good too? Or vice versa, why?

New Zealand Post

- When you think of service brand New Zealand Post what comes to your mind?
- What other services would be good for New Zealand Post customers according to you? (*to get the discussion further, if the respondent does not provide any new service interviewer will prompt with following examples- Mail pickup service, Video Rental Library*)
- Why do you think these new services are a good option for New Zealand Post to diversify into?
- Service brand ‘New Zealand Post’ was originally started with basic Postal related services only. Now they have additional services like Bill Payment, Travel Insurance, Banking, New Zealand souvenir collectables (*discuss*).
- Thinking about the possible new services you mentioned, why would you buy their service extension brand, because it is from the ‘New Zealand Post’ or any other reason?
- According to you what is important from among these - competency (capability), resources availability or ability of New Zealand Post to provide its additional services? Are all these important? And How?
- Why would you buy their service extension brand?
- If New Zealand Post is good at Postal service does it imply that their other services will be good too? Or vice versa, why?

3.3.4 Interviewing Process

Eight out of the ten interviews are in two parts, part one deals with Super Shuttle while part two deals with New Zealand Post. The rest of the two interviews are about Super Shuttle and New Zealand Post each. The first interview was a pilot interview in which Super Shuttle was discussed with the respondent. As the interview had good and worthy inputs, it was decided to analyse it and use it for the research. The last interview

discussed about New Zealand Post only as the respondent was not comfortable to talk about Super Shuttle as she had not used it much, beside this; she was keen to speak about New Zealand Post. Eight interviews are in two parts as both the brands are discussed in them and two of the interviews are in one part as only one brand was discussed.

While conducting interviews for qualitative research it is important to reach theoretical saturation instead of having a large number of interviews. Number of interviews to be conducted was unknown at the start of the research however, approximately ten–twelve interviews were proposed. While doing qualitative research and conducting interviews it is theoretical saturation that is important and not just the number of interviews conducted. Once the theoretical saturation is reached or achieved any more interviews are not data rich as they generate no new insight or data, it is at this stage the interviewing can be stopped.

It was planned to conduct three pilot interviews among friends and family (having similar motivations as a recruited respondent (TurnerIII, 2010)). This is significant for research as the pilot test assists in determining if there are any flaws, limitations, or any other weaknesses within the interview design. It also assists in refining the research questions and allows the researcher to make necessary revisions prior to the implementation of the study. The pilot interviews can be rejected or accepted for research depending on the quality of interviews (Bryman & Bell, 2007; Myers, 2009). The researcher had planned to conduct maximum three pilot interviews; however there was no need to conduct more than one pilot interview as the pilot interview came out to be extremely useful and provided an idea of semi-structured interviews, the process of questioning and if required re-phrasing the question. Along with this, it provided important insights about the flexibility (in terms of order, repeating, rephrasing, editing) required in asking questions in a semi-structured interview. The pilot interview generated useful insights and rich data therefore; researcher used the pilot interview as part of the research analysis. As the first pilot interview as data rich and went well pilot testing was discontinued conditional to some minor changes in the interviewing style.

Each interview lasted approximately 70-80 minutes (part one lasting 35-40 minutes while part two lasting 20-25 minutes). A shorter time frame for part two of the interview could be because the respondents became well aware of the questions and the question patterns from part one. Also, since both the parts had similar questions the

respondents took shorter time to understand and answer the questions in the second part. Considering the length of the interview, researcher aka interviewer considered taking a break between the end of part one and start of part two so that respondents could stretch, and get rejuvenated sharing their views on New Zealand Post. All the respondents were informed about the interview, interview design and length of the interview during the selection process along with other required information which was presented using a Participant Information Sheet (Refer Appendix A). Once the respondents agreed to participate in the research a time convenient to the respondent was decided to conduct the interviews. All the interviews were either conducted in a café or university campus. However, AUT university campus was preferred over a café by the interviewer considering the background noise present in cafés. The pilot interview was conducted in a café which has considerable background noise making it difficult to overhear the conversation as well as for transcription. Respondents signed a consent form (Refer to Appendix B) and agreed on recording the interview and therefore all the interviews were audio-recorded on a digital voice recorder.

Interviews started with light conversation (which is not recorded) about the respondents to break the ice followed by the question (recording starts) and answer session. Respondents were briefly explained about some terms (for e.g. services, service brand extensions, parent brand) significant for the interview. Interview questions are based on the above mentioned research questions, inquiry on influence of parent brand strength on extension, service brand extensions. Respondents were requested to suggest some hypothetical service extensions for Super Shuttle and New Zealand Post service brands. In case the respondents were faced jerks while suggesting an extension or unable to express themselves interviewer asked the similar question in various ways and also prompted them with examples of external service extension. This approach of prompting is important to push the interview further however; it may affect the interview quality as the further responses and extension suggestion are based on the interviews assumptions. Also, once the prompt is given by the interviewer the interview lacks respondent's experience and imagination. Their suggestions about extensions are followed by questions to analyse their psychological believe and inherent understanding about the brands and brands extensions.

3.4 Ethical Considerations

As part of the required ethical considerations, safety protocols were abided by the researcher. General process for respondent's safety during the interview included use of a detailed participant information sheet, consent form, and use of the tape recorder only upon agreement with respondent. During the time of recruitment respondents were presented with interview agenda, approximate time and length of the interview, basic frame of the interview and the location of the interview. Participant's name and identity have not been disclosed in the research to protect their privacy; code names were used instead of real names to discuss the findings of the research. The researcher has attempted to honour all the agreements discussed with the respondents along with the mandatory ethics protocol.

3.5 Sample

Sampling is basically selection of some segments from a population that may draw conclusion of the entire population (Cooper & Schindler, 1998, p. 215). As mentioned by Merriam non-probability sampling is best suited for qualitative research.

The study employed purposive sampling technique to recruit participants. Along with the below mentioned requirements for sample selection the researcher required the participants (1) must be customers of the selected service brands (2) must have used the services of the Super Shuttle and/or Post shop themselves as a customer (3) agree to share their service experience for research purpose (4) must be willing to participate and share views on one or both the service brands. The participants were only selected if they satisfied the following demographic criteria as it required of them to have some service usage experience for providing insights during the interview.

- Gender: Male or Female (as the service brands selected for the study are not gender based services)
- Age: 20 years or above
- Nationality: Any (as nationality does not affect the research questions)
- Profession: Employed individuals as respondents must be capable of spending on services for their personal or professional use.
- Family: stay alone, with friends, with family (but no two participants were selected from the same family to avoid duplication of responses)
- Can speak, write and understand English.

3.6 Data Analysis

The data analysis is the stage after data collection. After the semi-structured interviews were conducted the next stage is interview transcription. All the interviews were transcribed by a professional transcriber. The quality of transcription from the professional transcriber included medium degree of verbatim including all *you knows*, *sort ofs* and other sentence fillers. Warm up chat and laughter was excluded from the transcription as it did not contribute much to the data analysis. Pauses in speech, repetition of words or phrases and false starts or incomplete sentences were included as it was significant for data analysis.

The interview recordings were mailed for transcription using online data exchange accounts and the transcripts were received in MS word format for data analysis and feeding in Nvivo9. As a general rule, the interviews were dispatched for transcription upon completion of each interview. This was important and helpful to analyse the response before conducting the next interview.

Once the interviews were converted from recording into documents they were ready for analysis using Nvivo9. The researcher attended training session imparted at Auckland University of Technology by Nvivo specialist from Academic Consulting. The training helped the researcher refine Nvivo9 usage knowledge that led to an improved and better use of the software for interview analysis.

3.6.1 Thematic Analysis

To analyse the data collected from semi-structured interviews thematic analysis was employed using Nvivo9 for creation of codes and nodes. Based on the codes developed in Nvivo9 themes are developed that answer the main research question along with four sub-questions. All the codes developed during data analysis process are presented in the Appendices. Thematic analysis along with content analysis and corpus analysis is a qualitative data analysis technique. Corpus analysis can be explained as "Qualitative corpus analysis is a data analysis technique to investigate linguistic phenomena as it may be grounded in the context of digitally stored communication as language corpora and available for access and analysis on a computer" (Hasko, 2013). As corpus analysis is more suitable for linguistic studies it does not suit the current study. However, content analysis is sometimes confused with thematic analysis due to their many similarities. Both content analysis and thematic analysis are useful to categorise the large data set but thematic analysis is identified as a much more rigorous, conceptually

demanding and as a method that lays more emphasis on qualitative aspects of the material studied (Marks & Yardley, 2004, p. 56). Thematic analysis focuses on meaning derived from the data and the codes thus derived can be allocated to various respondents, can cross-refer themes whereas with content analysis researcher has a set of pre-decided mutually exclusive codes and categories thus arriving at themes. The current research is more consumer orientated and researcher does not want to follow some pre-defined set of categories but seeks to find meanings and categories emerging from the data rich interviews.

Thematic analysis is a qualitative data analysis method. As the name suggests, it is about searching for themes within the data that seem to be important, interesting and describe the phenomena. Thematic analysis involves reading the data and re-reading the data very care to see a pattern the describes a certain act, behaviour and phenomenon (Muir-Cochrane & Fereday, 2006).

Thematic analysis is a poorly demarcated and rarely acknowledged, yet widely used qualitative analytic method. It is the first qualitative method of analysis that researchers should learn, as it provides core skills that will be useful for conducting many other forms of qualitative analysis. Boyatzis (1998) have categorised it as not a specific method but as a tool to use across different methods. Ryan and Bernard (2000) also locate thematic coding as a process performed within major analytic traditions, rather than a specific approach in its own right (Braun & Clarke, 2006). Braun and Clarke (2006) argue that thematic analysis should be considered a method in its own right.

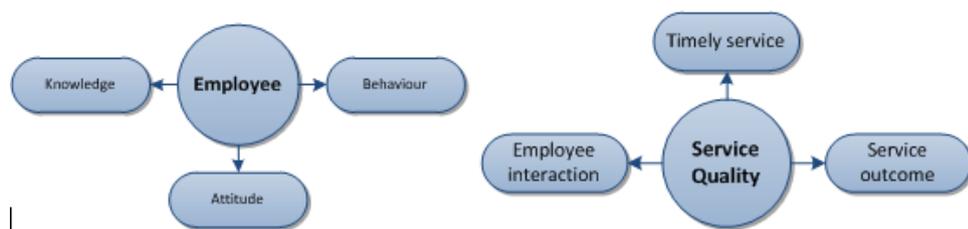
The data analysis started with the process becoming familiar with the data. Familiarizing of the data entails repeated reading of the data items. While analysing the data thematic coding was conducted as against axial and open coding. Thematic coding is much suited as it ensures that data is segmented and categorized thus making it appropriate for thematic analysis which aims at data reduction. Axial and open coding are more suitable for grounded theory analysis as it develops and darkens the data by including analytic insights and inquiries draw upon data (Ayres, 2008). At this researcher took some notes that proved to be the starting point for the next stage of generating initial codes in Nvivo9. Codes were developed in Nvivo9 that represented an idea, feature in the data. At this stage any point, statement that seemed relevant and interesting was coded. Fifty six initial codes were generated out of which many codes where merged together, or deleted due to irrelevance. After merging, thirty two codes

were generated. To make sure the context is not lost researcher coded little surrounding text along with the coded data text. After initial coding, next stage produced potential themes and sub-themes. In order to create themes, the initial codes were analysed to find any code that has the potential of a theme or can codes be combined to create an overarching theme. At this stage researcher used mind-maps to sort and arrange different codes in to themes. It was observed that some initial codes become sub-themes and main themes and some of the codes were rejected. At the end of this stage five main themes and sixteen sub-themes were analysed. This was followed by continuous review of the themes and sub-themes. In the review stage some themes were merged together while some sub-themes were collated together.

Table 3.1: Illustrations of Coding

Data set	Coded as
They don't have to but it might be easier for them to provide like a one stop shop for every need of customers, like if they are involved with travellers probably to try to satisfy all their needs and concerns	Solution/Package
It's - yeah, it gives the customer like a feeling of being welcome. I don't - like being transported but also like that he's more in the centre.	Employee Behaviour
if you don't find Super Shuttle it's a - in the beginning, if you don't know where they're parking, you might just change your mind and jump into the bus or...	First Point of Contact

Figure 3.2 - Illustration of the Initial Thematic mind-mapping



During this stage themes like employee were merged in to service quality and renamed as employee interaction. To finalise the themes, researcher crossed checked to make sure the themes work with the research question and data set. The last stage was about refining, defining and renaming the themes. Themes like ‘solution package’ were renamed as ‘solution provider’ and ‘past experience was renamed as ‘brand experience’.

Final stage generated five main themes each having two- six sub-themes. The themes are listed below in Table 3.2

Table 3.2- List of Themes

Main Themes	Sub-Themes
Fit	Brand Fit Category Fit Similarity with the existing extensions
Parent Brand	Parent Brand Strength Competency Resource Availability Solution Provider Parent brand knowledge Brand Experience
Service Quality	Employee interaction Timely Service Service Outcome
Reliability	No sub-theme
Convenience	No sub-theme

3.7 Conclusion

The chapter aimed at discussing the research methodology. Instrumentation for the research which included development of the research questions, selection of service brands for the research, process for interview guide development and interviewing process discussed above. The chapter also discussed the data analysis method. In the following chapter the findings from the research are discussed.

Chapter 4 – Findings

4.1 Introduction

This chapter discusses the results of the semi-structured interviews conducted in New Zealand to empirically answer the four research questions of the study which are as follows:

- For services do consumers’ perceive parent brand strength as a reflection for extension quality? And why?
- Is fit between parent brand and its extension an over-emphasized or under-emphasized driver for service brand extension evaluation and does it play an important role in the success of the service extension?
- How important is parent brand service competency/ability to supply/provide the extension?
- Do consumers perceive the transfer of skills and resources from parent brand to extension as an indicator of brand extension quality? And why?

The chapter starts by presenting the sample description and a brief note on the profile of the respondents. Nodes and codes are presented here followed by the creation of themes. The findings are then followed by summary of findings and a conclusion.

4.2 Sample description and selection

Data was obtained by conducting ten semi-structured interviews. Participants of the study are residents of Auckland, New Zealand. Study had ten respondents mostly men, out of ten respondents eight are men and the rest two are females. The interviews were completed over a period of 4 weeks including the pilot. The interviews are based on two service brands - Super Shuttle and New Zealand Post. From the ten interviews conducted, eight are in two parts corresponding to the two brands and the rest two are single part interviews. As all the interviews were data rich and no interview was discarded. Although all the interviews were recorded the original schedule did not guarantee recording of all the interviews.

The fieldwork for the study started in May 2012 by advertising interview invitations notices (Refer to Appendix E) around Auckland University of Technology campus in post-graduate study rooms. Post-graduate rooms were selected as these rooms attract the targeted population for the research. The researcher did not receive much response from the students during the initial week; following this the Supervisor of the study also invited some MBA students. MBA students did not show much interest in the interviews. After two weeks, researcher received good respondents and further respondents were invited using the snowball sampling technique. The interview invitations did not have any reward mentioned as the researcher wanted to avoid reward seeking respondents however the research had planned for a cup of coffee to every respondent.

All the participants had either completed a post-graduate education or were current post-graduate students. Most of the participants were aged between 24-30 years except Australian Kiwi aged approximately 65 years old. All the participants were employed either full-time or part-time. Although research was open to past students of any university it is not surprising that all the respondents were past or current students of Auckland University of Technology.

Table 4.1 Details of the Semi-Structured Interviews

Number of Interviews	Ten (including one pilot)
No. of Respondents	Ten
Super Shuttle Responses	Nine
Post Shop Responses	Nine
Male Respondents	Eight
Female	Two
Ethnicity of Respondents	German, Australian Kiwi and Indian

4.3 Interview Responses

The pilot interview was conducted at the end of May 2012 with a male respondent. The pilot interview was based on Super Shuttle alone as the respondent was more comfortable to share views on Super Shuttle only. The pilot interview lasted forty five minutes and was conducted in a café in Auckland. Before the interview the respondent had mentioned about his apprehensiveness for one-on-one interviews, therefore the

interviewer had an informal conversation to ease him. Keeping his concern in mind the interviewer was relaxed during the interview, as per needed repeated the questions or re-worded the questions for respondent's better understanding. The pilot interview was data rich and therefore it was included for research analysis.

The semi-structured interviews were conducted by the researcher as an interviewer. The interviewer before conducting the pilot interview had conducted informal semi-structured interviews with friends to practise the interviewing skills. Based on the responses received during the practise, some questions were reworded, moved up or down and deleted. The informal interviews with the friends helped the researcher to refine the interviewing skills, understand the respondents during the interview, avoid unwanted question that deviate the discussion, avoid the interviewee going off-track without stopping the interview or the recording.

As mentioned above the interviews were conducted in two parts based on the two service brands selected for the research. Part one had responses for Super Shuttle and part two had responses for New Zealand Post. The interview part one was longer than part two, it is believed that as the questions were similar for both the parts, the respondents took some time to answer the questions in first part and were quicker to answer the questions in part two. As most of the interviews lasted average 70-80 minutes, the interviewer provided a short break to the interviewees to freshen up or stretch.

4.3.1 Super Shuttle and New Zealand Post Interview Responses

4.3.1.1 Extension Suggestions by Respondents

While conducting the interviews all the interviewees suggested service extensions for Super Shuttle. It is worth noting that during the initial phase of the interview interviewer had discussed briefly about the current extensions offered by SUS and NZ Post. The reason for prompting and discussing the pre-existing service extension was to discuss about the already existing extension and gathering views on them. Along with this intention, the interviewer also wanted the respondents to think and suggest some new service extension options for SUS and NZ Post. The interviewer was taken by surprise when respondents suggested the extensions as some of the extensions were completely novel followed by interesting discussion on the reasons and motivations behind such valuable suggestions. There were twelve interesting suggestions from nine interviews on Super Shuttle and ten appealing suggestions from nine interviews on NZ

Post as the respondents generously spoke about their views and ideas. The following section discusses some important and innovative suggestions for Super Shuttle and NZ Post in detail along with briefly explaining the rest. Some of the extension ideas are discussed in detail along with the motivation behind the idea.

4.3.1.1.1 Extension Suggestions by Respondents for Super Shuttle

- **Car Hire Extension Service**

Respondent EVH suggested a horizontal franchise extension of care hire services. EVH explained that car hire service is a good option for SUS to expand into as it is in the same transportation industry and also complements their parent service of airport transport. Along with serving the local customers airport transport has a great number of customers travelling from within New Zealand and overseas as tourist. Tourists generally require a car on hire while touring in and around city; Super Shuttle's car hire service will be a good option for a tourist who has used their airport transport service. EVH explained that car hire will be an easy extension as it is similar to SUS's current area of business.

- **Wheelchair Access Service**

The above value-added service extension was suggested by HNO and JBE from their personal experiences while travelling to airport. Although none of the two respondents require wheelchair personally, they noticed that their friends, colleagues using wheelchair cannot use Super Shuttle as SUS does not have any provision for wheelchair access in SUS vans. JBE also expressed his deep surprise and concern as in a country like New Zealand where all types of people including old age, people with disability and special needs are given equal status and opportunity to lead a normal life; SUS does not have vans to cater these people. It is a very noble suggestion from people who don't actually need wheelchair access for themselves. The interview was conducted weeks before the London Paralympics hence JBE justified:

"I'm just thinking that in a few weeks' time we've got the Olympics in London and we've got the - straight after, usually two or three days after there's the Para Olympics. You know, there'll be a whole range of...people with all sorts of disabilities heading off to the airport to fly across."

They also explained that for SUS to accommodate their suggestions SUS does not need to revamp all the vans however SUS must have a bunch of fleet that are

custom-made to allow wheelchairs inside the van. This suggestion is categorised as a horizontal line extension for Super Shuttle.

- **Events Shuttle**

MLI suggested a horizontal line extension SUS as an events shuttle. MLI is a German student and this suggestion made by him is an example of an already existing service in Germany. He explained it as:

“People like going to a concert in the Vector Arena or going to Eden Park and so on, they will use their own cars which will, make the traffic very high in Auckland, in Auckland City which is always a problem in this city and on the other side, the public transport system isn't the best...so instead they (Super Shuttle) could just pick up people from places a big parking lot, malls and so on, bring them to the event and later bring them back so they can do like that kind of shuttle service for, for the event.”

- **Geographical Segregation / City Ride Shuttle**

The above mentioned horizontal line extension was differently suggested by HNO and RTH. While they both were suggesting similar extensions they both had experienced delays in reaching home from the airport due to the travelling route adopted by the driver. HNO suggested drop-off and pick-up based on geographical location of the customer in a way that customers residing in near-by suburbs be catered together to ensure minimum wait and off-track routing. Similarly, RTH suggested that SUS could have dedicated vans for customers residing in central city as otherwise these customers have to travel to all the suburbs on the way and wait till the end to reach their destination. This is also a good and feasible option as it is seen that lot of Super Shuttle customers are central city residents.

- **Informational Centres**

PTK and EVH suggested this horizontal franchise extension of having information centre booth in and around central city and airport that provides varied information to customers for e.g. hotel booking, car hire, tourist destinations etc. PTK suggested

“Any sort of information would be good, like what different places, what are the major attractions in a particular city..”

- **Luggage Storage Vaults**

PTK suggested this horizontal franchise extension from her experience while travelling to some countries. She explained:

“As a customer or a traveller I would appreciate if they have a service for travellers to store their luggage, someone is visiting to New Zealand for four or five days and do not want to carry all their luggage with them, they (Super Shuttle) can just probably store it (luggage) and when the customers are coming back to the airport they can just collect it, international and domestic travellers luggage is always there, like sometimes it's a constant worry for the travellers to take care of and by providing this service and keeping and freeing the customers from their luggage, they are sort of like helping them out as well and understanding their proper needs.”

- **Parking Service near the Airport**

This step-down vertical service extension was suggested by PTK as she had heard of similar service being provided by Air New Zealand. She explained:

“I am aware that Air New Zealand is doing that and it's a very popular service for them and if Super Shuttle has something similar and if they can provide parking for their customers and then take them from that (point) to the airport and drop them back at the parking spot, that would also be good.”

This service is targeted for people who have their own car and want to travel in their own car but do not want to/cannot park at the airport. Customers who are travelling alone or people who are going out of city for days/weeks have to travel in car but find it difficult to park their cars. This is a good extension idea for Super Shuttle as it enables them to become a solution provider at the same time does not require many resources to provide this extension.

- **Multi-language Speaking Drivers**

This was a horizontal line extension suggested by JBE. According to him it is important that SUS drivers can communicate in various international languages like Mandarin, Spanish. Tourists visiting New Zealand from non-English speaking regions find it difficult to communicate in English. It is significant that customers feel comfortable while using SUS; customers will not only feel

comfortable with a multi-language staff but will also develop an emotional connection and brand loyalty.

“have a system whereby, like if there's a particular group coming in from China, do they ensure that they have someone who speaks Mandarin to meet them or a group from India that speaks Indian or something”

- **Package Delivery from Airport**

RTH suggested that since SUS vans travel from airport to suburbs numerous times in a day SUS can also pick-up packages on one-off basis upon request made by the client. Instead of transporting passengers, SUS can pick up packages and deliver it to customers.

“just the one package they're responsible for; go to the airport, come straight to us, no hassle of time, everything on the spot. I don't think that'll take much time as well because they're used to go to the airport every time, that's the business. So they are in the airport, and they can deliver the package as well - so that's one option.”

- **Business Shuttle for Professionals**

INH suggested this extension as he has been part of many sustainability conferences where every professional drives to the venue in individual car. Business shuttle is a good option as it is cost effective and meets the sustainability requirements. He explained that:

“There are many sales and marketing people, many consultants who keep on travelling from one place to another within the city...this is an immediate replication of their current system and they are expanding their brand and business model. Usually it happens in consulting companies like there are four or five consultants who drive to same client but they running their own vehicles, but if there's a common Shuttle service they would rather not drive in their - in usual vehicles, they can use that.”

- **Food and Drinks in Vans**

This may not exactly seem like an extension but is an example of value-added service extension. DRN suggested that:

“When people come in of course they're hungry and so sell it (food and drink) into their vans...(Especially for exclusive

ride)...family can have their own people, they can have a good time in the van eating, drinking, enjoying themselves.”

- **Backpacker’s Lodge**

Most of the above service suggestions were related to transportation as the respondents were inspired by the similarity/perceived fit motive however DRN suggested backpacker lodge service as according to him fit is not the most important attribute. He explained that backpackers using SUS’s core service will find it convenient to take a whole package, provided SUS maintains competitive prices. DRN quoted:

“Maybe they can also start looking, you know, targeting budget travellers. They can start their own backpacker service or opening up small, small lodge or something.”

4.3.1.1.2 Extension Suggestions by Respondents for New Zealand Post

- **Movers and Packers**

INH and IKJ suggested that NZ Post could extend into movers & packers service for customers looking to relocate within New Zealand. Since it is already provide logistics solutions for corporate it is evident that NZ Post has the required skill and knowledge which makes NZ Post competent enough to extend. INH explained it as:

“Because they (NZ Post) actually have the systems in place, they could provide this at competitive rates and people would be willing to do that.”

Currently, NZ Post is involved in transporting small to big parcels and with the same logic, extending to movers & packers service NZ Post will transport large household items. Respondents suggested this option as they felt the need for it, in fact IKJ on an occasion enquired about the same at a nearest NZ Post shop.

- **Storage Service**

DRN suggested this horizontal franchise extension option for expanding NZ Post business as it is already into logistics solution. According to DRN as he trusts NZ Post services, quality and reasonable prices he would welcome such an extension from NZ Post. DRN said:

“People always move overseas or to some other places and they can't go with their entire household furniture or anything.”

- **Library/ Book store**

Since NZ Post sells magazines, souvenirs DRN and IKJ suggested that NZ Post could expand into book store or library service. NZ Post will need appropriate location, space and technology to provide these services unlike the current extensions which are easily accommodated in their NZ Post shops. DRN cited:

“Of course some people want to buy books, send it, send it to their loved ones, buy a gift or they want to just come and read some books or something. People can open up a membership in the library, read books or just order a book online, whichever they want to send it, provided a mailing address and the postal shop will just send it.”

Similarly IKJ explained that she is an ardent reader and there are not many book stores in the city, sometimes she orders books from amazon.com and feels that if NZ Post is able to provide a similar service wherein NZ Post has some latest and popular books and also an a web portal for buying/renting books online many customers will be keen. IKJ added:

“I don't like to order everything from Amazon, okay, not even from Trade Me, you know? Why not if you're (NZ Post) having that much brand power, why not resurrect that the book industry. You (NZ Post) can do that.”

- **Email Service**

Looking at the advancement of technology, it is a good idea to adapt to the changes. NZ Post mainly deals with delivering mails, documents, and letters however due to technology it is not surprising that use of post shops for sending and receiving documents and letters has dropped. According to JBE NZ Post must start an email service as this will not only increase business but also leverage brand equity.

- **Improve the current services**

Although respondents did suggest new extension ideas for NZ Post, many of the respondents also shared their negative experiences with NZ Post. Due to their bad experiences with NZ Post it was obvious that respondents thought that

offering a bunch of new services comes only after the current services are provided at best. IKJ and RTH had bad experiences with international postage services of NZ Post as a result both of them do not trust NZ Post for international postage and have started to use competitors like DHL.

- **Post Pick-up**

Respondent LTM wants NZ Post to improvise their current services before jumping to new ones. LTM suggested a door-to-door post & parcel pick-up service similar to the post & parcel drop-off service. According to him, this service is very much required by senior citizens, disabled people and for people who cannot visit NZ Post shops for various reasons.

- **Awareness of current services**

IKJ was very clear that it's not about just expanding all the time but also about making sure that people are aware of the existing services. She narrated an incident to back her point:

“He (a friend) was here for like three/four years so obviously he gathered a lots of stuffs here...not much of like heavy furniture but like heaps of books...teddy bears...So it's like a pain because you're only allowed to collect 30 or 35kg bags depending on the airlines. I mean obviously this stuff is not that much that he has to move movers and packers, so the only option he has, he has to use a shipping company. Now many people do not know about it. They've not even heard about DHL. They've just heard about New Zealand Post and But then, exactly, New Zealand Post should be able to tell them (that NZ Post offers such a service), you know, you know, which is the best solution for their requirements, if it's affordable or not, if it's a more secure way or not, you know?”

- **Rakhi & Cultural greeting cards**

As NZ Post has souvenirs and cards in their shops, PTK suggested that NZ Post should have rakhi bands (Indian wrist bands used for a festival called Raksha Bandhan) and greeting cards for Indian festivals like Diwali. She explained that every year she has to send rakhi to her family and for this she either has to purchase it from local stores and post it or send it through online shopping. Exchanging greeting cards is a tradition during Diwali and NZ Post can offer this service as this does not require much resources.

- **Tickets for Concerts and Events**

Ticket for concerts as a value-added service extension is already offered by NZ Post. NZ Post sells mobile top-ups and greeting cards therefore MLI suggested that NZ Post can start selling tickets for games and concerts similar to Ticketmaster.

- **Home Delivery from Supermarkets**

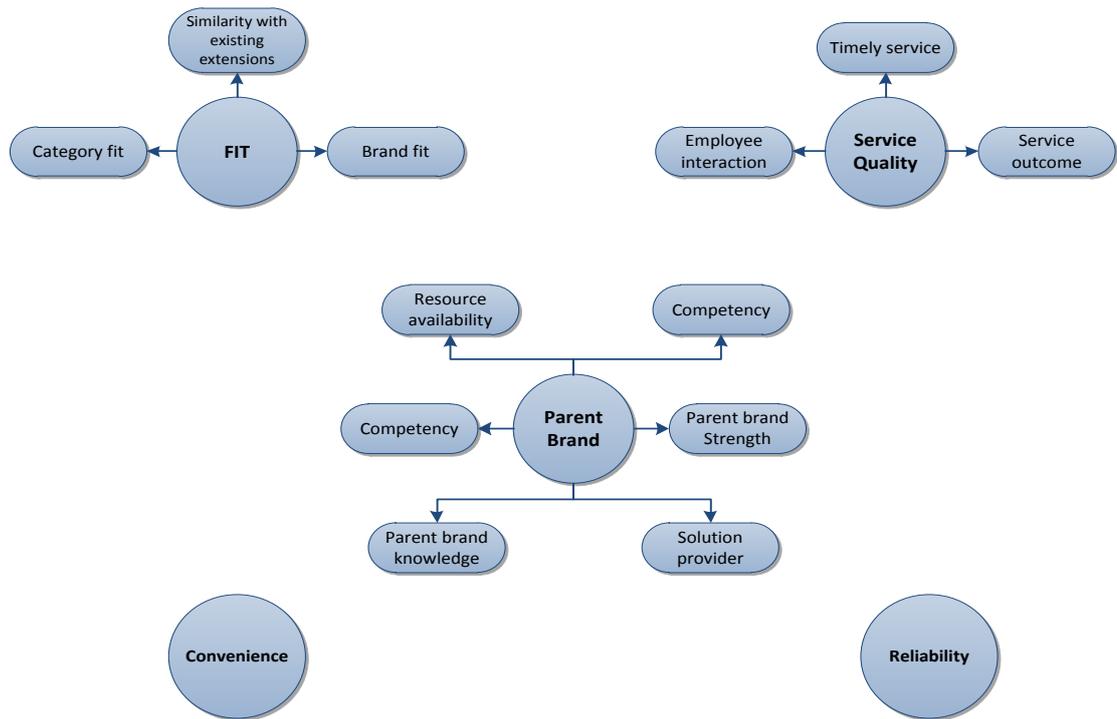
Since NZ Post is in the business of delivering parcels, RTH said NZ Post can start delivering from supermarkets at an added expense from the customer. RTH pointed out that people working five-six days a week have to spend half a day in grocery shopping, NZ Post can offer some help by starting home delivery from Supermarkets that do not have the option currently.

4.4 Themes

According to Braun and Clarke (2006) a theme is anything that captures the main points in the data corresponding to the research questions. It is important that a theme is representative of a certain pattern within the data. For a pattern to be considered as a theme it is not necessary that the theme is present in complete data set. A theme may appear prominent in some data items, while in some other data items it may have little presence or even absent in few (Braun & Clarke, 2006). As there is no rule as to what counts as a theme it is researchers judgment to determine themes as interpretative research is largely based on researchers interpretations and judgement.

Five main themes including two recurring themes were analysed through thematic analysis using Nvivo9 software for coding the data set. Fit, Service quality and Parent brand emerged from the data corresponding to the research questions and Reliability and Convenience emerged as recurring themes. The five main themes represent the antecedents of successful service brand extensions. Each main theme has two-six sub-themes, a total of twelve sub-themes that relate to the research questions. The main themes and sub-themes are presented in figure 4.1.

Figure 4.1 – Main themes representing the antecedents of successful service brand extensions



4.4.1 Fit

Fit, one of the main themes is a prime theme as relates back directly to research question two. Fit has been occurring in each of the interviews however some of the respondents placed much emphasis on fit while some gave it moderate importance and for one of the respondent fit was a basic and omnipresent requirement to extend a brand. According to the literature perceived fit is of two types, product-related and non-product related. Brand fit is categorised as non-product related fit due to stronger associations with parent brand meaning and category and similarity with existing extensions are categorised as product-related fit. It was evident from the interviews that perceived fit is significant for most of the respondents however some of the respondents did not give prime importance to fit as they think that fit is just a technique to become stable and to increase the market place presence of the brand in a particular business area. Some respondents consider fit between parent brand and the extension as a logical step and could not suggest any extension that does not logically fit. LTM said

“I think that would be deep disassociating...like...a bit ambiguous.”

- **Brand Fit**

Brand fit can be explained as developing associations with parent brand's associations, Super Shuttle is associated with airport transfers, tourist and travellers and similarly NZ Post is associated with postage and parcel. RTH mentioned

"They (Super Shuttle) want to have the monopoly with respect to the transportation from and to the airport."

PTK explained that since SUS deals with travellers therefore it is better to concentrate on tourists and travellers instead of running around. HNO views brand fit as a prime factor not only for extension success but also for parent brand to stay in the business, *as he cited*

"I personally believe that they're (Super Shuttle) primary goal is to provide service from destination A to destination B (from or to the airport). In terms of the different travel options I think the market is diversified and there are many different companies offering different kinds of service."

- **Category Fit**

LTM made strong statements describing category fit as the most important requirement for service extension;

"you don't expect Super Shuttle to...provide food services...That's what they are known for (transport)."

Perceived category fit was mostly prevalent for SUS and not seen to be significant for NZ Post. Respondents cited that NZ Post has been offering services in different and unrelated categories and therefore the future service extensions could be in any field irrespective of the category. IKJ said

"As long as they are doing their things properly in every field nobody's going to raise the question. But yes, they should be good at whatever they're doing and their main primary focus which is shipping; it should be really good and please try to make that a reliable thing."

- **Similarity with existing extensions**

This sub-theme emerged from NZ Post responses; the respondents could not relate the travel insurance, money exchange directly with postage and packing category of NZ Post. However, the respondents quickly established fit between

Kiwibank & money exchange and travel insurance. LTM said that it is hard to find a direct connection between post and insurance service however later he explained

“New Zealand Post doing insurance, that might not be very viable but when I know that New Zealand Post are doing banking and then they're doing insurance, that makes...there is a cross over, there is a connection.”

Although some participants did not agree with NZ Post doing banking as there are very many banks in the market, INH viewed it differently as he explained

“I can relate it to what used to happen in India where Post Offices, like my grandparents, they used to have accounts there. They used to buy post tickets there and they used to deposit it back in days - get back their money with huge interest.”

After conducting interview with INH, interviewer used this point in the remaining interviews and received noteworthy responses

“Definitely I guess, yeah, that would be the reason, I didn't know about this....Makes sense.”

The respondents immediately established a link with post shop, banking service, insurance service.

4.4.2 Service Quality

Service quality emerged as a main theme and it leads to research question one partly, research question four. Service quality is a significant driver for parent brand and extension brand success. The quality of service is not similar to product due to the intangibility of services. Service quality is largely dependent on the employees and their behaviour, attitude and knowledge. Service quality is subjective and every customer may have different views about what counts as good and satisfying service quality. All the respondents placed significant importance on the quality of the extension and parent service for them to buy and recommend it. Based on the extant literature the interview questions aimed at probing the service quality dimensions that make or break a service brand and service brand extension. Based on the Brady and Cronin's Model (Figure 2.4) on service quality, service quality is formed of three major contributors – Interaction, Physical and Outcome. The sub-themes that emerged from the research relate back to this model. Sub-theme of employee interaction corresponds to Interaction and timely

service and service outcome correspond to Outcome. Findings do not strongly support the Physical attribute of service quality, however this could be explained by the basic nature of service scape of both SUS and NZ Post.

- **Employee Interaction-Behaviour, Attitude and knowledge**

The moment when of customers' interaction with the employees is a moment of truth for the service brand as this moment determines if the customer is happy with the service. It is also the moment for which employees receive intense training and advice to make sure that employees are well equipped, well trained, well-mannered and the most important have adequate knowledge about the service. All the respondents openly spoke about the importance of employees for services. Employee behaviour, attitude and knowledge were analysed as significant categories. Employee attitude can be explained as a cognitive act, a state of mind that explains the way an employee thinks from inside about the brand, about the customer, etc. and employee behaviour can be explained the way the employee responds to the attitude. An employee might be very angry (attitude) on a customer due to customer's abusive language but the employee stays calm and still assists the customer (behaviour). RTH shared one of his personal experiences with SUS in which he had to wait for 20 minutes due to delay caused by another customer within the van. Although his journey was not completely satisfactory, his opinion about the brand was not altered as the driver of SUS van was a sensible employee and offered good customer service as mentioned by RTH

“Oh no, no, no, because I couldn't blame them as well. They're doing their job, so I mean it was because the guy.....I can't screw up things for the other customer.....So I was very happy with the service, the driver was good, he was understanding....You just can't judge because of one incident, so yeah.”

Another respondent LTM quoted that

“Super Shuttle is just a name...but employees are the face of the brand.”

JBE mentioned for NZ Post that employee at NZ Post are very knowledgeable and helpful along with explaining his expectations from staff members

“it's no good having a staff member who's pleasant and kind and courteous and thoughtful but still not really up to speed with what

the job is, so at the end of the day they're not offering the best quality service."

HNO cited that for a service to be successful the employees must be able to serve and go an extra mile to solve customer problems,

"how efficiently and simply they can help me with my query because sometimes I may be confused but if they can just break it up and say I think you're trying to say a certain thing."

- **Timely Service**

Delivering timely service was seen to be unanimously echoed characteristic for a successful brand and brand extension. For SUS it is an integral element as it deals with airport transfers while for NZ Post as it deals with postage, parcel, payments and banking it is an important factor. Respondents have also associated timely service with minimum wait time along with on-time service. SUS customers generally have to wait at the airport until the van is full and thereafter have to be part of the route loop before reaching their destination. Some of the extension suggestions from respondents are their desire to reduce this wait time. When it comes to NZ post the wait time in the NZ Post shops while in a queue is a concern for customers as at-times the length of the queue stretches outside the shop premises. INH said

"they (Super Shuttle) have to be there on time and if there's a breakdown of the vehicle on the way they should have immediate back-up"

and that every time he visited a NZ Post shop he didn't come across more than 4-5 people in a queue which is acceptable wait time for him

"less of waiting time is important to me. I don't want to stand there (NZ Post shop) for 15/20 minutes, yeah."

- **Service Outcome**

All the above mentioned sub-themes are of no use if the end result, the service outcome is not satisfactory. Service outcome is anything that customers take away with them such as burger, education, or experience. For a SUS customer the take away is travel experience and safety of his luggage while for NZ Post

the take way is timely delivery of postage on correct address, souvenirs, insurance policy, etc. RTH explained

“it's not just a person that should reach safely; it's also the luggage because there could be various items not only for the person but for other people as well.”

IKJ shared one of her many bad experiences with NZ Post in which she did not receive a parcel coming from Hong Kong. The sender delivered the parcel using Hong Kong Post and thereafter it was send to NZ Post did not receive the item for many and NZ Post didn't make an effort to contact her and the parcel was kept in the PO Box at NZ Post for days

“Apparently they (NZ Post) said it's a signature on the delivery.. Why didn't you tell me?...picked it up myself but there's like a communication delay. I mean if you know it's a signature, go to the customer and tell them. Think from their point of view....Next time if I have to use New Zealand Post I will think twice.”

4.4.3 Parent Brand

- **Parent Brand Strength**

The importance of parent brand strength was clearly evident in all the responses for SUS and specifically NZ Post. The first research question is also about the importance of parent brand strength for an extension. In most of the interviews, respondent's answer indicated the relevance of parent brand strength. The aim of the opening question was to trigger and link the memory nodes among the respondents followed by rest of the questions. The following quotation by respondent RTH explains it further

“I was assured that there is a back-up if at all screw up....but I have Super Shuttle to fall back on, so that probably is reliability.”

The statement made by RTH is also an example of brand trust as it is clear that Super Shuttle is considered as a reliable brand. Respondents associated NZ Post with postage services for all their postage needs, DRN promptly said

“They're (NZ Post) the best in the country.”

Respondent DRN places trust on the brand more significant than fit as he said

“by looking at the management, how they're handling it, looks they will be successful in anything.”

Here the respondent explained that if the brand is performing well in the market it won't risk its brand image by introducing an extension that dampens the brand image amongst its customers.

- **Parent Brand Knowledge**

NZ Post responses demonstrated presence of parent brand knowledge more than the SUS responses. The reason behind this distinction could be the country name 'New Zealand' in the NZ Post brand name. Respondents associated NZ Post with New Zealand history and viewed it as a Kiwi iconic brand. HNO cited that it is

“Oldest postal company in New Zealand...I've always associated New Zealand company as being a Kiwi iconic company that's been providing postal services for many, many years.”

JBE a senior citizen and an active student demonstrated good brand knowledge of NZ Post and when asked about his associations with NZ Post he said

“I think going right back early, the New Zealand Post and the concept of the Royal Mail, the Post Offices in even smaller communities were usually quite imposing buildings and the Post Master, it usually wasn't a man in those days, was very much a leading figure of the community after the Mayor and the bank manager & even though the Kiwibank has a separate Board...the staff are trained to do both (NZ Post and Kiwibank) ... so when you walk in you'll see sometimes a staff member, like there's no division between the people that are, that are with - the exception of course is those in the mortgage area and things like that.”

- **Resource Availability**

Resource availability emerged as a sub-theme and it complements research question three which deals with ability of service brand to provide a service extension. It was considered as an important element for a parent brand to have required resources to become a solution provider and deliver any new good quality service. Respondent MLI had explained this as

“they'll need probably like enough cars and enough drivers to, to make both like the normal core business and the event; therefore they should have like enough resources to, to do this instead of

like messing up...as I said the reliability of their service would suffer.”

Respondent DRN pointed out that using the available resources cleverly and making the most of them is a reflection of good management style.

“I mean any business should have resources at their hands to cater to all kind of people, I mean seeing the drivers, you know, they acting, they acting as a driver and front office person as well, so that's a really smart idea from Super Shuttle, you know?”

Resource availability is seen to be very significant for NZ Post as it is in a postage delivery business where people send ordinary, important and confidential documents, send parcels, make bill payments. Any failure to deliver the parcel to the right destination and in intact condition and in making accurate payments would not disturb the customer but will also be detrimental to NZ Post brand image. In case of SUS drivers play a significant role as the drivers are the face of the brand and it is important that the drivers transport customers on time and with complete safety. Being understaffed would mean SUS is unable to pick and drop-off customer on time and reduced cliental.

- **Competency of Parent Brand**

Competency can be explained as the organisation’s capability to deliver good quality services effectively and successfully. Research question three attempts to investigate the relevance of parent brand competency to provide a service extension. Only if the organisation has the knowledge, ability, skill and qualification it can deliver core and extension services effectively. DRN a real estate professional has explained this using a recent example of Rugby World Cup held in New Zealand-

“(competency) would be important as well because as we saw during the Rugby World Cup there were so many visitors and they (Super Shuttle) were actually very successful in catering to all these people.”

On the other hand JBE explained that if NZ Post are not performing well it won’t have a chance to expand further as

“the reality is that if they’re (NZ Post) not good at the postal services the Government of course has complete oversight on them and there, there's not going to be any allowance for them to

do anything else, so I think that's more a hypothetical question that yeah, is not going to happen."

- **Solution Provider**

Solution selling emerged as a prevalent category. When asked questions about fit and the reasons for introducing extensions, respondents justified the actions of SUS as its intention to provide package deals and become a solution provider. Respondent PTK said,

"focus on it (airport transportation) and probably have a monopoly in this area and they don't want to spread in other areas...Definitely I will take the package (package of various services)."

INH who was a self-employed student studying business cited

"Actually people stop thinking of other options if you get everything from one company."

It is seen here that creating a one-stop shop platform for customers not only benefits the extension service but strengthen the brand equity also.

- **Brand Experience**

Brand experience is conceptualized "as subjective, internal consumer responses (sensations, feelings and cognitions) and behavioural responses evoked by brand related stimuli that are part of a brand's design and identity, packaging, communications and environments" (Brakus, Bernd, & Lia, 2009, p. 53). In other words brand experience starts from the point consumers' search for a product, when they shop for the product, receives customer service and when they consume the product (Brakus et al., 2009). This emerged as a category as the respondents explained that past good experience with parent brand would instigate them to trust the new service extension and they would try the new service on the basis of their past positive experience with the parent brand. MLI said

"Totally my experience. If they're shit I wouldn't (try)."

It's not only personal past experience that counts here as the past experiences of friends and family also play an important role in framing customer's mind. This

is closely related to word of mouth from reliable sources. As EVH mentioned in the interview

“depends on your experience I guess, experience of your friends or family if they find Super Shuttle very convenient, easy for them, so I think the reliability or them liking....you know, feel - you have heard something...It's no good.”

Past experience was also found to slow the reciprocal effects of an unsuccessful service extension on the parent brand, EVH a hospitality professional said

“maybe not on the main brand because I have used the main brand and I'm happy and satisfied with that...won't have that faith on the company now for sure. I mean it's just on the other (extension) services...but then the main service which I'm happy with I would definitely use it.”

LTM explained that his past experiences with NZ Post have been limited to their core service and based on that he would also trust the extension services of NZ Post

“because you could say that if you had a good experience with New Zealand Post, you could say okay, this is a trusted brand, this is a trusted name.”

4.4.4 Reliability

Reliability emerged as a recurring theme in many interview responses. Reliability was classified as a main theme as any pattern, word, or phrase sharing a common meaning and recurs in the data set can be classified as a theme. Reliability does not respond to sub-research question directly however it is seen that reliability is a significant aspect for services. Extant literature (such as Brody and Cronin) on service brand, service extensions and service quality acknowledge the relevance of reliability and mention that it is not a main attribute but it describes the other main attributes. Interview analysis shows that reliability does not have a direct implication towards service extensions, service quality but it is a latent value. Through the interviews it is clear that reliable service quality is important to determine and maintain a favourable perception on the service brand. Respondent MLI explained that for him to try and trust a service it must be reliable. It was clear that reliability is vital for service brand extension success but one aspect that was unclear was what exactly reliability is and what should be reliable. In response to probing questions aiming to answer this RTH explained

“confidence and yeah, they're (Super Shuttle) very flexible as well because they'll come to your place to actually pick you up and drop you to the airport and vice versa, so yeah, I think yeah, pretty reliable and you can depend upon them... if you're travelling, in that case you arrive safely... the driver is good, sensible, not drunk.”

According to MLI being reliable is being best in the business area as he explained

“they should have like enough resources to, do this (event shuttle) instead of like messing up with one of the, one of it, you know, because like all the - as I said the reliability of their service would - which would suffer.”

According to INH reliability is about building long-term relationship with customers, such strong relationships are possible by being reliable,

“build up that kind of relationship with your customers you can actually take your time to really increase your services and build up on that and if that trust relationship comes in between a competitor will not dare to move in that space, yeah.”

4.4.5 Convenience

Convenience of the customers emerged as a recurring theme in many interviews. When asked about the advantages of specific service extensions, or reason behind a certain suggested service extension respondents promptly explained their convenience plays a significant role. If a brand extension offers convenience, makes life easy it is viewed as a helpful and worthy extension.

Emergence of convenience can be explained as a result of dependence, fast and busy life style and the quest to manage several activities effectively. Respondents shared that any service extension from a reliable service brand will be welcomed provided the extension offers added comfort and convenience that makes life hassle free. PTK cited

“if they (Super Shuttle) are making sort of carefree experience for the customers and making things easier and quickly for them to happen, then that would justify the quality of the service.”

As a matter of fact every human being seeks comfort and easiness. Anything that makes their life, daily task, and more specifically tedious task easy or any organisation that offers to do so is offering convenience. DRN suggested that Super Shuttle should sell food and drink in the vans so that people can relax and enjoy the time in the van. The underlying motive of DRN here is to get some added convenience along with the need

to be able to eat or drink when hungry. MLI said that he instead of spending time to find a different service provider he would rather enjoy with friends and added

“Basically my only - my, my own laziness, you know, it's easier for me, you know. It's just like a good - I don't, I don't have to care about anything.”

Super Shuttle's extension services like exclusive ride, meet and greet and wake-up call are all offering convenience to the customers in different ways. If the consumer gets several required services from a single brand they may not even look around for other options. As mentioned above companies must strive to become solution provider and offer one-stop shop for consumers. NZ Post offers many service under one roof such as postage, private boxes, bill payments, IRD applications, greeting cards, bank, insurance, money exchange which makes a one-stop shop destination. Customers do not like to visit ten different places for ten different needs instead they would visit one place and get answers to all or most of their questions. Shopping malls are an excellent example of one-stop shop as customers do not like the hassle of driving to many places also because it is a hassle to find parking for their cars. Customers are ready to pay extra for added convenience and comfort. As mentioned by RTH

“Even if they charge me extra but one place I'm getting all the services, I don't have to go out of my way and go to a separate place and handling the customer relation, all those things kind of a hassle...I like to relax. I wouldn't get into the hassles.”

One significant element mentioned by respondents was technological convenience. It is important to have ease-to-use access points like company website, telephone customer service. Easy to follow prompts on telephone and well-presented website is a source of convenience as it reduces stress, as customers do not like to work hard on company websites or also avoid if the task of calling the customer service seems like a mission. After the interview stopped MLI pointed out the he does not like that Maxx (now renamed as Auckland Transport) does not have a toll free customer service contact number which is a hassle for him as he does not have a landline connection at his home.

4.5 Other findings

Due to the nature of qualitative research and interviews researchers often come across information not relevant to the research but still of significance. While conducting the interviews one additional finding emerged. The finding does not answer the research

questions but is worthy of a discussion along with the possibility of conducting future research based on it.

4.5.1 Variety Seeking Behaviour

Customers are not brand loyal but need loyal. From the some of the interviews it was noted that customers do not care about the parent brand strength and being loyal to one brand on the contrary they like to have options and choose the best from the options available. Since there many service providers in the market to cater to the need of the customer, customers do not feel the need to stay with one brand. RTH commented

“otherwise it is not the only option for me. I've got other options as well.”

EVH commented

“ I think I probably would like to experience the competitor services...”

This finding is contradictory to the sub-theme of solution provider and convenience as customers seeking variety do not hesitate to do research on internet. Customers will spend time on finding a better and cheaper option. It is noteworthy that even though variety seekers are ready to spend time searching for better options, they do not comprise on the quality of the service provided instead they would pay little extra amount of money to receive good quality service. Variety seeking behaviour is contrasting to the sub-theme of reliability where a customer relies on a particular brand and feels comfortable with that brand. Variety seekers constantly jump from brand to brand in the quest of finding variety in product, services, prices, etc. Most of the young teenage customer, students can be placed in the category of variety seekers as they have limited funds to spend encouraging them to look for cheaper options, they don't have much brand experience and are keen to attract attention by using or consuming new and latest services and products. Due to the nature and consuming behaviour of this group the main theme of fit is put to a question as these consumers may not place much importance on fit as they don't mind taking risk in general.

4.6 Conclusion

The chapter discussed the findings from semi-structured interviews. The chapter started with reviewing the research questions followed by a section on sample description which gave details about the respondents. A section is dedicated to discuss briefly about Super Shuttle and New Zealand Post brands followed by findings of the research. The findings included service brand extensions suggested by the respondents during the interview. The extension suggestions not only provided understanding of the underlying intentions and motives of respondents but also relate to the main and sub-themes. The interviews had generated a rich data and to endorsement the discussion, interview quotes are shared while discussing the service suggestions and themes. The following chapter presents a discussion on the main themes, how they answer the research questions followed by implication of the findings.

Chapter 5- Conclusions and Recommendations

The purpose of the study was to explore the antecedents of service brand extension success through qualitative research using semi-structured interviews to gather data and analyse the data by means of thematic analysis. In this chapter conclusions and discussions on the findings are reported. The conclusions are presented in the order of the research questions following by summary of conclusions. The relationship of the research findings with the literature is also discussed while answering the research questions followed by recommendations for future research.

5.1 Conclusions

5.1.1 Research Question 1

For services do consumers' perceive parent brand strength as a reflection for extension quality? And why?

Yes, consumers do perceive parent brand strength to be a reflector of the service extension quality. After conducting thematic analysis, parent brand strength was identified as a sub-theme which clearly states that parent brand strength is significant for service brand extension. Literature explains parent brand strength is consumers perception about the quality associated with the parent brand. Parent brand strength is a set of associations with the brand, and associations are transferable from parent brand to extension. Consumers evaluate a whole brand irrespective of its various service offerings. If consumers associate a parent brand with high quality service, they will expect the extension service to match parent brand quality level. Parent brand strength is developed over a period of time after receiving consistent quality service, since consumers have spent time and effort with the brand they would want to maintain their trust on the brand. Strong brands are associated with high quality offerings, the brands studied for research are strong brands in their respective business area indicates that both the brands are associated with high quality service. Literature suggests that extensions by strong brands are likely to be accepted easily by customers. When respondents were questioned if they would transfer their associations from parent brand to the extension, respondents readily explained that it is only obvious for people to transfer the associations as over a period of time they have developed trust on the brand.

Moreover, it is easy for the customers to stay with one brand instead of looking for other providers. The study found that Super Shuttle has stronger brand strength as compared to NZ Post because none of the respondents reported a negative experience incidence about Super Shuttle and believed in Super Shuttle service quality. NZ Post received mixed responses in terms of parent brand strength as there were couple of respondents who had terrible service experience with NZ Post and as a result, these respondents had switched to competitor brands. The consumers readily transferred their associations with the parent brand to the service brand extensions of Super Shuttle and NZ Post.

Respondents displayed that quality is the most important driver and they wouldn't mind to shell out extra money in exchange for an excellent service experience. It is interpreted that since consumers place great significance on quality they will happily stay with the brand irrespective of other factors like price, promotion, etc. Literature showed that since services are intangible and cannot be seen, parent brand strength is extremely relevant. Consumers need to feel, touch or at least be able to visualise an offering which is not completely possible for services. Parent brand strength provides a visual aid, a visual picture and an idea about the new service offering.

The literature claimed that consumers associate parent brand strength with extension quality and the current research supports the extant literature. Based on the findings from the research the current study suggests that parent brand strength is an antecedent for service brand extension success.

5.1.2 Research Question 2

Is fit between parent brand and its extension an over-emphasized or under-emphasized driver for service brand extension evaluation and does it play an important role in the success of the service extension?

The research findings show that fit between parent brand and extensions is neither an over-emphasized nor under emphasized driver for service brand extension evaluation although it plays a significant role in extension success. Fit emerged as a main theme while conducting thematic analysis with three sub-themes: Category fit, Brand fit and Similarity with existing extensions. Fit was analysed as one of the most important antecedents of service brand extension success but not the only antecedent explaining that merely fit between the parent brand and extension cannot guarantee extension

success. While conducting interviews many respondents placed significant importance on fit along with parent brand strength, parent brand quality, employee interaction.

The literature mentioned that fit between parent brand and extension is an indicator of parent brand's strength in a particular business field such as for Super Shuttle, its brand strength lies in airport transfers. Based on the findings it is argued that fit could also be perceived as an indicator of parent brand's limitation of offering services confined to a business area. It depends on the parent brand's innovativeness and ability to provide extensions beyond parent brand category. The findings for Super Shuttle and NZ Post in relation to fit do not match completely. Since Super Shuttle has been offering extensions related to its parent brand category, customers could not relate or suggest extensions beyond transportation category. However, NZ Post has varied services under its brand including banking, insurance, bill payments, etc. and therefore it was easy for respondents to relate NZ Post with unrelated categories. Respondents made comments such as, 'NZ Post can do business in any field', 'NZ Post has several services under one roof', etc. Although respondents did not give fit between parent brand and extension service much relevance for NZ Post, it is noteworthy that at the same time respondents could not easily associate NZ Post with banking or insurance related services. However, once they found that in olden times post shops used to offer fixed deposits, they effortlessly created a connection between NZ Post and Kiwibank.

Based on the findings from interviews, research suggests that fit between parent brand and service extension is one of the antecedents for service brand extension success.

5.1.3 Research Question 3

How important is parent brand service competency/ability to supply/provide the extension?

Parent service brand's competency to supply a service brand extension is very important for brand extension success. Parent brand competency was identified as a sub-theme along with parent brand's resource availability. It was found that brand's competency to provide an extension was more significant than having adequate resources. Respondents justified that if a brand has the required resources but it is not competent enough to use those resources wisely, the resources are in wrong hands and are of no use. Whereas, if a parent brand is competent to provide an extension, acquiring resources is possible. Even though resource availability received less attention as compared to competency it is still a very important driver for extension success. When a parent brand steps in the

market to offer new extension resource availability plays a significant role. As explained by the respondents, NZ Post has started to offer a wide range of services but have failed to increase the number of counters in the post shops resulting in long queues and increased wait time. Competency is more relevant in case of product-service extension or service-product extension where parent brands competency to provide the extension is highly regarded. When a parent brand is introducing a less-intensive service extension parent brand is not probed for its competency however, if the parent brand is offering a high-intensive service extension, parent brand competency becomes a determining factor for extension success.

Based on the findings from interview, it is suggested that parent brand competency is an antecedent for extension success.

5.1.4 Research Question 4

Do consumers perceive the transfer of skills and resources from parent brand to extension as an indicator of brand extension quality? And why?

Yes, consumers do perceive transfer of skills and resources from parent brand to extension as an indicator of brand extension quality. A parent brands ability to transfer the skill and resources to its extension is viewed as an important indicator because when consumers purchase an extension, they expect the quality of the extension to be similar to the quality of its parent brand. Companies decide to offer an extension based on the skills and resources it possess to offer the extension. The resources and skills of parent brand if not transferred or are not transferrable to service brand extensions they have no practical usage for the extension service. It is interpreted that if consumers transfer the associations from parent brand to the extension it is imperative that parent brand is also able to allocate required skills and resources to provide the extension service.

If consumers perceive that a parent brand is able to transfer its skills for offering the extension depending on their association with the parent brand they will start to visualise the extension service quality. Transfer of skills and resources is related to the fit/similarity aspect. Respondents commented that if Super Shuttle deals with airport transportation and introduces an extension in the airport related category Super Shuttle will be able to utilise its existing skills and resources to deliver the extension whereas if Super Shuttle starts a backpacker's lodge it don't even have the required expertise and knowledge. Respondents explained that if parent brand is extending in a similar

category it is easier for the parent to transfer its skills, knowledge, resources and experience to the extension service. In case of NZ Post, respondents said, NZ Post and Kiwibank employees that are interchangeable that ensures quick and timely service.

Employees are an organisation's operant resources that possess the skills, knowledge and expertise to deliver a service. Employee interaction emerged as a sub-theme during thematic analysis having three categories-employee attitude, employee behaviour and employee knowledge. Respondents viewed employee as a pillar for a service brand and commented that a brand is nothing without its employees. Respondents explained that Super Shuttle has van drivers that are knowledgeable, skilled and helpful and if ever Super Shuttle comes up with extensions such as car hire or events shuttle they would expect to have similar kind of employees.

Based on the findings from interview, current study establishes that employees, transfer of skills and resources play a significant role for extension success.

5.1.5 Overarching Conclusions

Based on the above discussion and the themes analysed the following conclusions are made: If consumers hold strong associations about parent brand strength and the brand is already offering variety of services in varied categories, consumers perception about brand fit is altered. Literature and current study found parent brand quality and extension quality as significant for extension therefore it is concluded that parent brand quality and along with extension quality act as antecedents for service brand success. This research concludes that fit is an important indicator for service brand extension success although not the utmost important indicator. Fit is a cognitive element unlike quality which can be seen or experienced. Fit is a state of mind and therefore brands can play around and alter the fit as per the requirement. The research also concludes that parent brand competency is more significant than resource availability.

Consumers in current time want answers to their questions and need under roof and therefore organisations must thrive to become a solution provider in an order to be a successful and strong brand. Past experience with the parent brand can either attract or repel customers and if customers have confidence in a parent brand they will want to try and trust the extension service also. From the ever increasing success of fast-food chains like McDonald it is learnt that customers want everything quickly, they don't like to wait. The research concludes that not only quick service but on-time service is valued by customers. However, timely service and employee interactions are only

significant if the service outcome is satisfactory. Along with above mentioned elements, reliability and convenience are antecedents for extension success as consumers want to make their life simpler and free of hassles.

5.2 Managerial Implications

The findings of the study have implication in the area of service brand and service brand extension. The results of the study are implacable in the academic as well as industry. The results of the study provide insights about fit/similarity, parent brand strength, parent brand competency, service quality and employee interaction which in-turn influence and determine the service brand extension success. Service organisations like Super Shuttle and New Zealand Post can immediately use the results of the study in their business model. The results are not only valuable for transportation and postal service brands but the results have widespread relevance in the service sector. The results of the study can be implied to utilitarian and hedonic concepts. Utilitarian and hedonic is categorization of services, "service could be categorised as goal orientated utilitarian services and experiential hedonic services" (Kiseol & Hyun-Joo, 2010, p. 143). Kiseol & Hyun-Joo explain that consumers placing importance on functional and task-orientated attributes are more likely to use utilitarian features of a brand and consumers who are looking for experience, hassle free services are likely to use hedonic features of a brand (Kiseol & Hyun-Joo, 2010). In general both the brands studied in the research have both utilitarian and hedonic attributes for customers however; Super Shuttle is largely a hedonic brand due to its door-to-door pickup and drop-off service that appeals to the sensory taste and makes consumers trip hassle free. NZ Post has service ranging from basic postage to fast courier, iPhone application, etc which appeals to the non-sensory and means-to end as well as sensory tastes of the consumers.

The extension suggestion from the research for Super Shuttle such as wheelchair access in their vans, multilingual drivers, selling snacks and drinks in van must be applied immediately whereas, extensions suggestions such as luggage storage vaults and backpacker lodge would be market expansion strategy. NZ Post already has a wide range of extensions and the extensions appearing in the study such as concentrating and improving the awareness of the current services offered are very crucial to compete in the market.

5.3 Limitations and Recommendations for Future Study

The following recommendations are suggested based on the findings: Demographics like gender, ethnicity, income, etc. have an effect on marketing studies; in the current research the demographic aspect of area of residence of participants was not studied as all the participants were residents of Auckland (Auckland Central). It is acknowledged that area of residence may affect the purchase decisions of consumers and therefore responses to research questions due to the fact that Auckland Central is a business hub and amenities & utilities are more easily available as compared to Auckland Suburban areas. Gender is not only one of the market segmentation criteria but an important factor to determine the usage patterns among consumers. Kraft and Weber (2012) mention that women and men have different approach to purchasing as women look for long-term solutions of needs and wants and men generally look to satisfy short term needs. In the current study majority of the participants were male participants, this may have affected the findings. Based on the implications of gender in marketing the future research can address this issue. As the current study been a qualitative research it is suggested that future research could propose a conceptual model subject to rigorous qualitative investigation and comparing of service brand extension literature.

The current study did not discuss the effects of created fit on service brand extension success. From the case of NZ Post and Kiwibank it can be seen that fit can be created based on various factors. Future research can look at the effects of created fit on service brand extension success. The current study looked at the significance of employees for service brand extension success however it is recommended that comprehensive study can be conducted on the role of employees for service brand extension success. Based on the extension suggestions a quantitative research is recommended to analyse the relationship between parent brand and the suggested service brand extensions. Convenience was established as an antecedent for extension success however it is important that this aspect be studied in-detail to establish a robust conclusion on the relevance of convenience for service brand and service brand extension success. As mentioned above the results could be applicable to utilitarian and hedonics brands in general however, future research must be conducted to check the expediency of findings on utilitarian and hedonic brand attributes. Literature considers Interaction, Physical and Outcome as determinants of service and service extension quality however; findings do not strongly back the Physical factor. It is suggested that future research on service

extension be conducted to verify the importance of Physical factor as a service quality determinant.

Study employed semi-structured interviews for data collection and the analysis is based on the data collected through semi-structured interviews. Every data collection technique has advantages and disadvantages and therefore it is suggested that the future research on antecedents of service brand extension must employ multiple qualitative techniques like semi-structured interviews and focus groups to strengthen the validity of the findings. Future research on service brand extensions must also employ other qualitative methods like unstructured interviews only or focus groups only with consumers of service brands to explore new themes. Focus groups and unstructured interviews can provide a very data rich script and there is a possibility of unearthing some new antecedents of service brand extensions.

Future research on service brand extensions can be based on the findings and results of the current study. The findings of the research can be basis for future quantitative research using surveys as a tool for data collection. The results of the current study cannot be generalized and conducting a quantitative study based on the findings would strengthen the results and also generalize the findings.

The study examined two service business areas namely, postage and airport transfers. It is recommended that similar studies be conducted in various other service business areas e.g. education, professional services, banks, restaurants, health services, etc. so that the findings from the current study are largely accepted and applicable for service extensions. Findings of the research included several extension suggestions for both Super Shuttle and New Zealand Post, future quantitative research must be conducted to gather responses and views of customers regarding these extension suggestions.

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Participant Information Sheet



Date Information Sheet Produced:

21/03/2012

Project Title

‘Consumers’ perception of antecedents of successful Service Brand Extensions’

An Invitation

My name is Amita Changoiwala and I am a Master of Business student in the MARS Department, Business School at AUT University. I would like to invite participants to take part in a research study that investigates how consumers evaluate service brand extensions in New Zealand and what makes a successful service brand extension. Participation is voluntary and participants may withdraw at any time prior to the completion of data collection.

What is the purpose of this research?

The main purpose of conducting this research is to make an enquiry about the service brand extensions. This research studies consumer’s perception about essential characteristic of a successful service brand extension.

How was I identified and why am I being invited to participate in this research?

Participants are invited to participate through Invitation notices displayed in University Post Graduate Labs. Participation is voluntary i.e. participants are requested in the invitation notices to contact me. University students are appropriate for this research as the research requires participants to be over 20 years of age, part-time /fulltime income earner and some reasonable experience of using services brands in general.

What will happen in this research?

The project involves semi-structured interviews of approximately 30-35 minutes to collect data for analysis. The data collected from semi-structured interviews will be used for current research only.

What are the discomforts and risks?

There are no anticipated risks or discomforts to participants.

How will these discomforts and risks be alleviated?

Although there is no risk involved, to make sure participants feel safe, semi-structured interviews will be conducted in University campus or a Café.

What are the benefits?

The Research outcomes will particularly benefit the academic community along with providing future research suggestions. Marketing managers, brand managers will be able to benefit from the research outcomes to make more informed decisions. The participants and the community will benefit in-directly through better and wider choice of service brand extensions available from following the research outcomes.

How will my privacy be protected?

Participant's personal information will be kept confidential throughout the research and afterwards. The name, age, occupation or any other indicative information will only be known to the researchers. In the research report false names not resembling that of participants will be used. The data collected from the interviews will be used for this research only. Research finding could probably be used for a conference and meeting in the academic arena.

What are the costs of participating in this research?

The research requires participants to give 30-35 minutes for the interview from their schedule.

What opportunity do I have to consider this invitation?

After receiving response from participant/s, I will contact potential participants within 7days to fix time for interview.

How do I agree to participate in this research?

To participate in the research, prospective participants must contact me. I will provide a brief about the research project followed by requesting participants to complete consent form which will be provided by me.

Will I receive feedback on the results of this research?

I will provide a summary to participants upon their request. They can select the appropriate option in the consent form to receive feedback about the results.

What do I do if I have concerns about this research?

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor,

Dr. Mark Glynn

Faculty of Business and Law

AUT University

Auckland.

Tel: 9 921-9999 ext. 5813. E-mail mark.glynn@aut.ac.nz

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEK, Dr Rosemary Godbold, rosemary.godbold@aut.ac.nz , 921 9999 ext 6902.

Whom do I contact for further information about this research?

Researcher Contact Details:

- **Primary Researcher: Amita Changoiwala**

AUT University

Tel: (09) 921-9999 ext. 5079. Email: amita_nz@yahoo.co.nz

- **Project Supervisor Contact Details:**

Dr. Mark Glynn

Faculty of Business and Law

AUT University

Auckland.

Tel: (09) 921-9999 ext. 5813. E-mail mark.glynn@aut.ac.nz

Approved by the Auckland University of Technology Ethics Committee on 06/05/2012

AUTEC Reference number 12/78

Consent to Participate in Research



Title of Project: **‘Consumers’ perception of antecedents of successful Service**

Brand extensions’

Project Supervisors: **Associate Professor Mark Glynn**

Researcher: **Amita Changoiwala**

- I have read and understood the information provided about this research project in the Information Sheet dated 21/03/2012.
- I have had an opportunity to ask questions and to have them answered.
- I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.
- I understand that I may withdraw myself or any information that I have provided for this project at any time prior to the completion of data collection, without being disadvantaged in any way.
- If I withdraw, I understand that all relevant tapes and transcripts, or parts thereof, will be destroyed.
- I agree to take part in this research.
- I wish to receive a copy of the report from the research (please circle one): Yes
No
- I understand that I will not be identified in any way, including publications resulting from this research.

Participant Name:

Participant signature: Date:

Research Supervisor Contact Details:

Dr. Mark Glynn

Faculty of Business and Law

AUT University

Auckland.

Tel: 9 921-9999 ext. 5813. E-mail mark.glynn@aut.ac.nz

Primary Researcher: Amita Changoiwala

Master of Business student at AUT University Tel: 9 921-9999 ext. 5079. Email: amita_nz@yahoo.co.nz

Approved by the Auckland University of Technology Ethics Committee on 06/05/2012 AUTEK Reference number 12/78

Confidentiality Agreement

Project title: 'Consumers' perception of antecedents of successful Service

Brand extensions'

Project Supervisor: Asso. Prof. Mark Glynn

Researcher: Amita C Changoiwala

- I understand that all the material I will be asked to transcribe is confidential.
- I understand that the contents of the tapes or recordings can only be discussed with the researchers.
- I will not keep any copies of the transcripts nor allow third parties access to them.

Transcriber's signature:

Transcriber's Name :  Debra Pugh

Transcriber's Contact Details (if appropriate):

Debra Pugh

907 Waingaro Road, Ngaruawahia 3793.

Phone 07 824-9301.

Email debrapugh@xtra.co.nz

Date: 21/06/2012

Research Supervisor Contact Details:

Dr. Mark Glynn

Faculty of Business and Law

AUT University

Auckland.

Tel: 9 921-9999 ext. 5813. E-mail mark.glynn@aut.ac.nz

Approved by the Auckland University of Technology Ethics Committee on 6th May, 2012

AUTEC Reference number - 12/78

Interview Guide

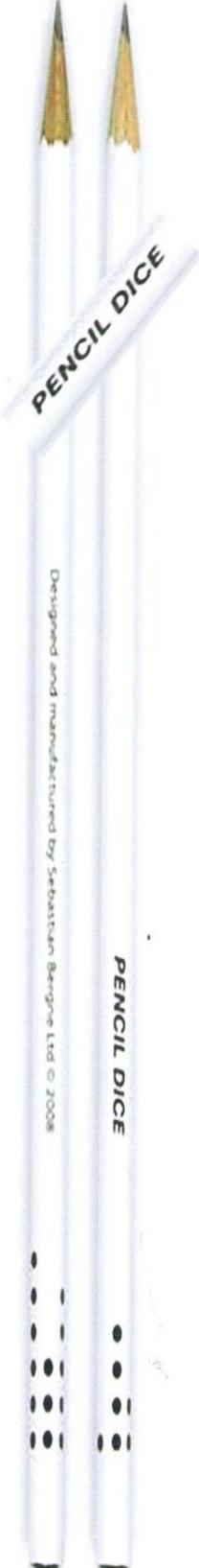
Super Shuttle

- When you think of service brand Super Shuttle what comes to your mind?
- What other services would be good for Super Shuttle customers according to you? (*to get the discussion further, if the respondent does not provide any new service interviewer will prompt with flowing example- Car rental, Local sightseeing and Tour services*)
- Why do you think these new services are a good option for Super Shuttle to diversify into?
- Service brand Super Shuttle was originally started with transporting passengers to & from airport only. Now they have additional services like exclusive ride, meet and greet (*discuss*).
- Thinking about the possible new services you mentioned why would you buy their service extension brand, because it is from the ‘Super Shuttle’ or any other reason?
- According to you what is important from among these - competency (capability), resources availability and ability of Super Shuttle to provide its additional services? Are all these important? And How?
- Why would you buy their service extension brand?
- If Super Shuttle is good at transportation related service does it imply that their other services will be good too? Or vice versa, why?

New Zealand Post

- When you think of service brand New Zealand Post what comes to your mind?
- What other services would be good for Super Shuttle customers according to you? (*to get the discussion further, if the respondent does not provide any new service interviewer will prompt with following examples- Mail pickup service, Video Rental Library*)
- Why do you think these new services are a good option for New Zealand Post to diversify into?

- Service brand New Zealand Post was originally started with basic Postal related services only. Now they have additional services like Bill Payment, Travel Insurance, Banking, New Zealand souvenir collectables (*discuss*).
- Thinking about the possible new services you mentioned, why would you buy their service extension brand, because it is from the 'New Zealand Post' or any other reason?
- According to you what is important from among these - competency (capability), resources availability and ability of New Zealand Post to provide its additional services? Are all these important? And How?
- Why would you buy their service extension brand?
- If New Zealand Post is good at Postal service does it imply that their other services will be good too? Or vice versa, why?



SERVICE BRAND EXTENSIONS

Research Interview

Invitation

Inviting Volunteers

We invite you to share your valuable experience and views in a study at AUT University aimed at investigating how consumers evaluate service brand extensions in New Zealand.

The study includes an interview of approximately 30-35 minutes. The data collected from interviews will be used for the research.

Interested in participating? For further information, please contact: Amita

Email: amita_nz@yahoo.co.nz
Tel: 921 9999 ext: 5079

