

## Perceptions on Corporate Brand Extensions Quality in Hypermarket Retailing

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**Abstract:** Corporate brand extension strategy has been adapted by most hypermarket retailers to boost retail brand equity momentum. There are diverse arguments in the myth of hypermarket brand extensions quality. Based on combinations of various literature reviews, a conceptual framework is proposed to investigate the real scenario by focusing on three key relationships which are; retail quality with retail brand quality, retail brand quality with product brand extension quality and retail brand quality with service brand extension quality. The proposition is expected to reveal how hypermarket consumers perceive towards corporate brand extensions quality.

**Key words:** Corporate brand extension, hypermarket, quality, retailing, momentum

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### INTRODUCTION

Corporate brand extensions are an innovative branding strategy for new product or service that uses existing corporate brand name (Keller and Aaker, 1998). The expansion of brand is becoming crucial (Arora and Stoner, 2009) as an innovation of hypermarket brand momentum (Hassan and Rahman, 2012). Consumer acceptance to recognize and trust towards the quality of corporate brand extension products is the main retailer challenge to grasp more revenue or sales (Au-Yeung and Lu, 2009). There are a lot of arguments on how a consumer perceives the quality of hypermarket brand extension, especially in product. This conceptual research will look into this issue in detail and extend the proposition into shopping experience as hypermarket service brand extension.

### PERCEPTIONS OF HYPERMARKET RETAIL QUALITY

Retail quality is determined by retailer reputation (Collins and Burt, 2003) and type of retail (Munusamy and Hoo, 2008). Hypermarket retailers should make an overall improvement rather than focusing on particular element since the consumer will assess the retail in general rather than in isolation (Swoboda *et al.*, 2007). Thus, it would be fruitful for hypermarket retailers to look after the corporate brand reputation before deciding to extend the brand. The credibility of the retailer will be perceived according to the

quality of brand extension. Brand extension with higher perception quality than the core retail brand will enhance the perception of credibility while brand extension with lower quality perception than the core retail brand will reduce the perception of credibility. Consumers perception on the retail credibility will be unchanged if the quality of both brand extension and core retail brand is similar (Keller and Aaker, 1998). Continuous retail monitoring is important since the failure of corporate brand extension will tarnish the core retail brand reputation (Collins and Burt, 2003).

### PERCEPTIONS OF HYPERMARKET RETAIL BRAND QUALITY

The strength of corporation ability association will be able to influence the perception of brand extension quality (Wang *et al.*, 2008). Consumer will trust retail brands with good quality that have successfully been extended. Thus, brand extension is more favorable for high-quality core retail brand than average-quality core retail brand since, it is perceived as more suitable to be stretched further (Diamantopoulos *et al.*, 2005; Grime *et al.*, 2002; Keller and Aaker, 1992). The brand extension should be parallel with the quality level of core brand (DelVecchio, 2000). Positioning brand extension can be enhanced through upgrading of the quality (Tifferet and Herstein, 2010; Vahie and Paswan, 2006). It is predicted that there is significant relationship between hypermarket retail quality and hypermarket retail brand quality. Positive perceptions

of hypermarket retail quality will lead to similar perception towards hypermarket retail brand quality and vice versa. Thus, the proposition for this relationship is as:

**Proposition 1:** There is significant relationship between retail quality and retail brand quality in hypermarket retailing.

### PERCEPTIONS ON HYPERMARKET PRODUCT BRAND EXTENSION QUALITY

There are researchers believe that the product quality of hypermarket brand extension as inferior (Ozimek and Zakowska-Biemans, 2011; Uusitalo, 2004). In contradiction, there is also perceptions that the quality of hypermarket brand extension product is similar and some even higher than well-known manufacturer brands (Anchor and Kourilova, 2009; Gomez and Rubio, 2008; Tifferet and Herstein, 2010). The quality of product will be positively perceived if it is build through highly reputable brands (D'Astous *et al.*, 2007). It is predicted that there is significant relationship between hypermarket retail brand quality with product brand extension quality. Positive perceptions of hypermarket retail brand quality will lead to similar perception towards product brand extension quality. This will motivate hypermarket retailers to embark on product brand extension strategy. The similar scenario is expected to happen in vice versa. Thus, the proposition for this relationship is as:

**Proposition 2:** There is significant relationship between retail brand quality and product brand extension quality in hypermarket retailing.

### PERCEPTIONS ON HYPERMARKET SERVICE BRAND EXTENSION QUALITY

Enhancement or extension of service features from the original is known as service brand extension. Service brand extension will be successful if the consumers perceive the quality of the extended service as parallel with the core retail service (Lee and Ulgado, 1993). Shopping activity is not just for the sake for fulfilling household necessity (Dholakia, 1999; Fiore and Kim, 2007; Sit *et al.*, 2003). About 49% of the Malaysian population spends the leisure time for window shopping (Lee, 1995). In general, Malaysian shoppers will visit six sub-retailer outlets per trip during shopping (Ahmed *et al.*, 2007). Thus, there is a good opportunity to expand the size of the main store by having more sub-retailers to fit with

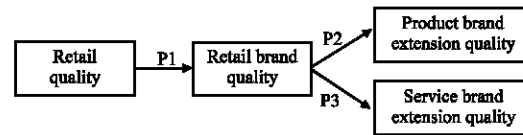


Fig. 1: Corporate brand extensions quality chain in hypermarket retailing

consumer's lifestyle (Salmon *et al.*, 2000). Service brand extension in this study refers to the extension of existing grocery shopping experience towards retailtainment (Howard, 2007) experience through additional services such as sub-retailers, parking service, children playground, bank, post office and food court. It is predicted that there is significant relationship between hypermarket retail brand quality with service brand extension quality through shopping experience. Positive perceptions of hypermarket retail brand quality will lead to similar perception towards the quality of shopping experience. This will motivate hypermarket retailers to embark on service brand extension strategy by enhancing the existing shopping experience. The similar scenario is expected to happen in vice versa. Thus, the proposition for this relationship is as:

**Proposition 3:** There is significant relationship between retail brand quality and service brand extension quality in hypermarket retailing.

### CONCEPTUAL FRAMEWORK

Retail quality is positioned as an independent variable that can be controlled. Positive perception towards retail quality is expected to enhance the retail brand quality. This will indirectly push similar perception towards product and service brand extension quality. The retail brand quality is positioned as intermediary variable between retail quality with product and service brand extension quality. Both product and service brand extension quality are positioned as dependent variables. The main contribution of this research is expected from the two dependent variables. In contrary, negative perception towards retail quality is predicted to tarnish the entire quality perceptions in the hypermarket retailing quality chain. Figure 1 shows the proposition for the conceptual research framework.

### CONCLUSION

Positive retail quality is expected to influence the perception towards retail brand quality in hypermarket retailing. This will motivate the hypermarket retailers to

extend the existing brand equity of the retail brand into product and service brand. The contrary scenario is expected if the consumers have negative perception towards the retail quality. Thus, the key emphasis should begin on the quality of the retail and stretch it further to another level to boost the overall brand equity momentum of hypermarket retailing. In addition to primary data analysis, this conceptual research can be extended by investigating on how this corporate brand quality chain able to influence brand personality in hypermarket retailing (Hassan and Rahman, 2012). Findings from both primary and secondary sources will generate new knowledge for the benefit of researchers and practitioners. Thus, there should be continuous collaboration between both researchers and practitioners to ensure what is visualized in research paper could be implemented in real scenario.

#### ACKNOWLEDGEMENTS

This research project has been supported by the Multimedia University, Malaysia, through an internal research grant. Special appreciation is given to the Research Management Centre of the University for approving this research project under the Mini Fund Research Cycle 1/2012 (Project ID: IP20120511014).

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