Horizontal Extension and Repeat Purchase of Gsm Companies in Rivers State

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Abstract
This paper examined horizontal line extension and repeat purchase of GSM companies in Rivers State. Descriptive research was adopted with the identification and understanding of the application of horizontal extension and customer repeat purchase. The secondary data was used to review relevant literature on this subject. The components of horizontal line extension as operationalized in this work: package sizes/style and; new colours, were use to ascertain their influence on repeat purchase. Horizontal extension occurs when an introduction is made as additional item(s) of the same product under the same brand i.e. flavour, package size/style, flavour, new colour, forms, added ingredients, etc, and keeping the price and quality consistent. Horizontal extension can influence the customer buying behaviour and evaluation. The study outlined three implications: The first being that it will encourage customers to buy more product associated with it, not only the new extension but also the parent brand. Secondly, the study will make useful contributions to companies in acquiring current and useful knowledge on the effect of horizontal extension in other to solve nutty problems. And finally, to researchers, it will serve as provision of linkage between theory and practice for intended future research.

Key Words: *Horizontal extension, cannibalization, repeat patronage, successful extension, horizontal extension.*

Introduction

In a competitive business environment where expansion of product line is eminent to diversify in various categories of mono-product to establish a product image, line extension instantly increases the visibility of the product to communicate its salient image to customers (Kushwaha, 2012). Most companies are now facing challenges of providing exceedingly customer taste to obtain the requisite purchases from customer. It follows that companies are beginning to record undesired patronage due to dwindling and negative sales growth. These indicators appear to be a manifestation of poor customer purchase behaviour in GSM companies. Companies that apply the use of line extension of established product/brand name, facilitates new market entry, and stretch its brand beyond the existing product (Blomquist & Holm, 2004). Line extension is a marketing strategy that is required for the advancement of consumer goods and / or Fast-Moving Goods (FMG) (Riley, Pina, Bravo, 2013). Line extensions are growth strategy exercise in the use of popular brand name in the offering of same product category as the main brand (Pontes & Jevons, 2009; Riley, et al., 2013). Line extension of a product can be extended either within its parent brand, or into a distinctively new product of the same category (Riley et al., 2013; Pontes & Jevons, 2009; Hamilton & Chernev, 2010). The role of line extension is based on a core capability that is central to the

production in diverse product portfolio. The aim of this diversification is the creation/ allowing flexibility within a brand to accommodate industrial trends, innovation, or environmental uncertainties (Sam & Pape, 2015). This means that line extension is not a short-term process, rather it is considered a long-term product & brand booster (Som & Pape, 2015) and product development. This gives an insight to the importance of line extension as linking to new product development which challenges marketers to making a productive investment by placing the existing product at stake of damaging the parent brand in course of its extension. Consequently, in the line extension, the marketers to making a productive investment by placing the existing product at stake of damaging the parent brand in course of its extension. Subsequently, the line extension, aura, heritage, craftsmanship (Dion & Arnould, 2011), and even risk of cannibalization. According to Wikipedia, "Line extension occur when a company introduces additional items in the same product category under the same brand name such as new flavour, forms, colours, added ingredients, package sizes, etc."

There are numerous benefits of line extension, which includes: expansion of companies shelf space presence, increased profits, low promotion cost, gaining more potential market share, offering variety of products, create product and marketing efficiency, etc. (Giddens, 2010).

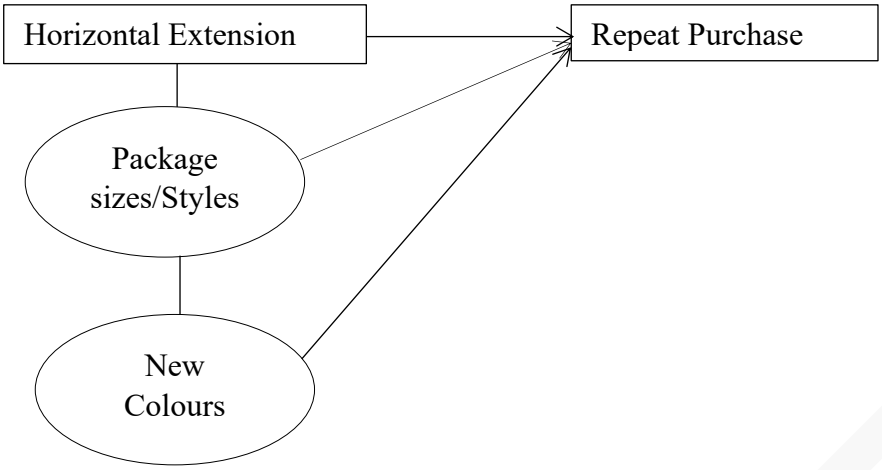
On this backdrop, Kushwaha (2012) identify two (2) types of line extension to include: (i) horizontal extension and, (ii) vertical extension.

Horizontal extension which is the focus of our paper conveys much importance to both GSM companies, and the consumers at large. Such importance include the reduction of risk that is associated with the development of a new product, and the likelihood for consumers to recognize and try the new product due to the popularity of the parent or main brand (Giddens, 2010). In this regard, GSM companies with horizontal line extension in practice are prone to having more potential market share, marketing & production efficiency, and increase in profits during the introduction and growth stage (Giddens, 2010). The prospect of horizontal line extension is also not without a threat, as possibility of an intra-form competition varies considerably. Horizontal extension of GSM companies instils "desirableness and want in the sights of customers if successful, giving them an intention to repurchase such product on first usage. Companies uses line extension to influence customer choices of product/brand and subsequent purchase (repeat purchase). Of most significant, a line extension can convey an integration of quality associated with such product (Kushwaha, 2012).

While there have been useful theoretical contributions in this field till date (Blomquist & Holm, 2004; Pontes & Jevons, 2009; Giddens, 2010; Kushwaha, 2012; Riley, et al., 2013; Som & Pape, 2015), hereto, extensive information on horizontal extension and repeat patronage of GSM companies is relatively sparse. If the theories on horizontal extension and repeat purchase is to gain more relevance, then theoretical foundations underpin it must be advanced. Therefore, to close the gap in existing body of knowledge, this paper shall review literature in this area.

The main aim of this study is to examine the concepts of horizontal line extension and its application to customer repeat purchase. However, the study will be directed with the following research questions: What does horizontal extension signifies? How is repeat purchase actualized? How does new 'colour' attract repeat patronage? What are the relationship between horizontal extension & repeat purchase? The conceptual framework as shown in the figure below shall guide the operations of this study. The review of concepts of horizontal extension and repeat purchase as necessitated to contribute to the advancement of this topic. Lastly the study shall outline the summary & conclusion, and implications of the study for both the firm and customers.

Figure 1: Horizontal extension and Repeats Purchase



Source; Som & Pape 2015;

Theoretical Framework

The theoretical framework of this study is based on the "institutional theory" of luxury brand and; "consumer buying behaviour theory". Where the institutional framework will apply for horizontal extension, consumer buying behaviour theory would account for repeat purchase of customers.

The Institutional Theory

This paper underpins the institutional theory of luxury brand "which seek to outline the interplay between product brand and institutions to unveil its similarities (Kapferer and Bastien, 2012). Institutional theory is a social technique of understanding natures of luxury brand (i.e. GSM) and sees the world as a product of ideas and human conceptions. This theory views marketing transaction as a social relation of which one must take into consideration the rule of the game, whose factor are expected to interact between the environment and the product which wield enormous influence on the structure of the brand (Som & Pape, 2015). Firms are affected and infiltrated by their various environments which they owe to reciprocate with creativity, and innovative products/brands. Thus, the institutional theory is a framework that recognizes the norms, values, rules of the game, trends in the development of the brand, and ideas to synergize the product and its environment (Som & Pape, 2015).

The Consumer Buying Behaviour Theory

The "Consumer buying behaviour theory" as originated by Alfred Marshall in 1994 proposes how the customer achieves maximum satisfaction spending their income on varieties of product and services (Molokwu, 2013). This theory explains the process which individual customer look for, make selection, buys, consume, and finally makes disposals of those goods after reaching maximum satisfaction. Consumer buying behaviour could be seen as an act or process of the involvement of customers purchasing and consuming product. Marketers and company are usually interested in analyzing the buying behaviour of their consumer to enable them planning their marketing strategies. With the knowledge of consumer buying behaviour, firms are favourably disposed to making informed decisions, and consumers responds to the market (Molokwu, 2013). In this regard, our adoption of "consumer buying behaviour theory" is pivotal to this study because it specifically visualizes the buying behaviour of customers with recourse to enhancing product safety, convenience, and the interest of customers, with a desired behaviour (repeat purchase).

Concepts of Horizontal Extension

Horizontal line extensions consist mainly of keeping the quality and price of the product consistent and altering such elements as colour and flavor to distinctively differentiate the product from its main or primary product (Health, DelVecchio, & McCarthy, 2013). Horizontal extensions also include the creation of new product under the existing corporate brand. Martines and Pina (2003) opined that there is a risk of eroded credibility of existing product or brand when too many product line is used side by side for the same corporate brand. In furtherance of this concept, Pontes and Jevons (2009) defines horizontal extension as the "introduction of a new product of the same category of the same quality and price with the parent brand for different segment" Such as five-Alive fruit juice" and five-Alive pulp juice'. This type of line extension no doubt is associated with variance in colour and flavor.
In the same bane, Kushwaha (2012) argues, horizontal line extension occurs when an existing product name of a parent product brand is allotted to a new product in the same product category. In a study of brand extension strategy for competitive advantage, Kushwaha (2012) identified two (2) varieties of horizontal brand extensions viz.; line extension and franchise extensions. Current brand name is retained for new market entry segment in line extension, while a current brand name is used to enter a product class that is entirely new to the firm (Kushwaha, 2012) in franchise extensions. As an example of the horizontal extensions former specialist product brand Samsung have aside from producing the "Samsung S5" luxury brand has advanced it development a step further by establishing the new "Samsung S6" with distinguishing special features different from the former product. This horizontal extension (Samsung S5 to S6) involves a variation in its software package, size, style and colours. This modification in concepts has gone a long way to create its popularity and wide spread acceptance to its numerous customers.

Components of Horizontal Extension

The components of horizontal extension compose of flavor, colour, package sizes, and forms to differentiate the product (Wikipedia, Hamilton & Chermer, 2010), while price and quality of the product remains consistent. For the purpose of our study, this paper adopts and capture package sizes and colour as the dimension of horizontal extension.

Package Size/Styles

Package size/styles refer to different variation of the primary brand with an extension of new package shapes with stylish designs. Value is added when products are designed with packages that has the ability to communicate the aesthetics of the product even at a flash. Undoubtedly, too many variances of package size and styles for each extension may leave the customer in a confused state making it difficult for him/ her to make prompt decision of choice. Concise and stylish product package engenders the customer purchasing habit, channeling their perception towards an enhanced image. An extension of package, size/ styles can be applied in targeting a particular segment of customers, and geared towards generating enormous profit due to its ability of successfully satisfying the need of customers.

New Colours

New colours are used to manipulate consumers perception and desired focus strong enough to put one in need to patronize a given product. The effect of colour on customer appeal as a strong component of a product simulate varying consumer moods and emotions (Tutley & Milliman, 2000). For example, consumers react favourably to "colour blue" which seems to spur customer attention to approach a product/ service area. Bright colour communicates effectively and serves as an "eye catcher" to motivate action, conveying a visual language of enormous attention of quality and added value of product and services (Molokwu, 2013).

Creativity and variance of colours can enhance product image and appealing to the right customer for patronage.

Concepts of Repeat Purchase

Repeat purchase reflects the construct that customers are willing to buy the same product again after having gained satisfaction from its initial use or experience (Som et al 2006). For most marketers, growth depends on the creation even at initial impression and maintenance of a long-term relationship with customers who seek to repeatedly purchase their offerings (Sim, Mak & Jones, 2006). The understanding of purchase repetition of customers by marketers is a pivotal issue that is necessitated by the identification and targeting of those customers (both potential and actual) who are most likely to re-patronize a given product. Once a customer has obtained satisfaction from his/her initial use of a product/service, there is a likelihood that such customer tends to patronize the same product/brand again. In literature there are identified essential drivers of repeat purchase (Som et. al., 2006; Fu & Parks, 2001; Choi & Chu, 2001; Yuksel & Tuksel, 2000). Quality service was tipped as one of the major potential repeat purchase drivers (Choi & Chu, 2001 Yuksel & Tuksel, 2000). As friendly service and individualized intent were also pointed as other contributing factors (Fu & Parks, 2001).

According to Sim et. al., (2006) the vital and underlying factors of repeat purchase include: positive first impression with the product in use; memorably satisfaction with the product concern; adoptive behaviour of consumer; and extended interaction of the product/service; conversation of its supposed function, and even an intent to continue to re-patronize such brand product. In support of the afore listed factors that promote repeat purchase, Sim et. al., (2006) opine that it is when those desired elements are not notice or experienced at first sight (use) and/or in subsequent encounter that defection to other competitors is eminent. Emphatically, customer decision to purchase repeatedly is very important to marketers because it is evident that companies tend to get more profit from long-term customers as repeat purchase is made in greater quantity than new customers.

Syaqirah and Faizurrahman (2013) maintained that only customer who is satisfied have the potency to purchase repeatedly, and a one percent improvement in the rate of customer retention improves company's value by five percent. GSM companies are certainly not different, but the frequency to which customers tend to re-patronize company product and services can make a great difference between sustained growth and prosperity.

In a study of customer retention management, Ang & Buttle (2006) demonstrated that a retained customer over a period of time exhibits purchase activities which can be recorded as a consist/repetitions behaviour. This is indicative of the evidence captured by Lopez, Hart, and Rampersad (2007), who rightly put that when product/services offerings is above the percept and expectation of the customer, repeat purchase is generated. This customer who are satisfied with a firm’s product/services is delighted, and tend to repurchase such product or brand when need arises, and not other product but a particular brand. These repeat purchasers are also usually making more purchases on the long run (Eggert & Ulaga, 2002; Bowen & Chen, 2001).

Relationship Between Horizontal Extension and Repeat Purchase

The relationship between horizontal extension and repeat purchase could be described as a mixed structure of acceptance in different product attribute in one hand, and a rejection of inconsistency between the extended product and its primary brand on the other hand (Some & Pape, 2015). As such an (horizontal) extension sometimes is usually rejected when customers perceive inconsistency between the old product and the new extension therefore making repeat purchase difficult (Kushwaha, 2012). According to Albrecht, Baokhaus, Gurzki and Waisetsohlager (2013) product extension (i.e horizontal) enhances faster growth, product assortments, increasing customer acceptance and repeat purchases. Keller and Sood (2012);

Hagtved and Patrick (2009) argued that extension (dilution) of the main brand can lead to customer perception of quality and undesired for purchase reputation from customers who crave for top quality product.

Horizontal extension (i.e., package size & new colours) influence customers choices of taste variance and reinforces or dilute the parent brand to instill brand equity in the new extension to attract customers to patronize and repeatedly purchase the product (Some & Pape, 2015). This extension has the likelihood to create desirableness in the sight of customer (via package, size, colours, and shapes) and generate a want of purchase repetition after its first use (Som & Pape, 2015) on recognition of its added value. It is also established that horizontal features of new package, size, usually attend to customers need and often record high purchase (Kushwaha, 2012). Certainly, product extension with new colours and package sizes will necessarily affect customer decisions and choices, as well as market share. This is because customers rely heavily on new features of a product and affect when evaluating them and this forms part of their repurchase decision.

The allure in feature of horizontal extension would in variance of other products distinguish the new product from others and be perceived by customers as a more quality product, hence it usually stands a greater chance of acceptance and repurchase. If successfully, via its extension features, horizontal line extension will not only attract customers repeat purchase, but may prevent them from switching to competitors if found useful at the long-run.

Summary and Conclusion

Horizontal line extension occurs when an introduction is made as additional item(s) of the same product under the same brand. This includes: new package size/style, flavour, new colours, forms, added ingredients, etc, and keeping same price and quality as the percent brand. Horizontal extension if successful can create desirableness in the sight of customers, and generate a whole lot of market share for the new extension. This may even lead to cannibalization of its parent product. But when the extension is undesirable, it may even affect the parent brand negatively, as customer may even seek alternative choice from competitors' product. For firms, horizontal extension saves the cost of introducing an entirely new product into the market, at the same time reducing promotional cost since the parent product is already known. On the whole, horizontal extension can go a long way to influence the customer buying behavior and product evaluation positively. A successful extension featuring new colours, package sizes/styles has even proven to be effective in taking care of customer needs hence enhancing the purchase of new extension.

Implication of The Study

This paper is prone to encouraging customers to generally buy more product associated with not only new extension, but also the parent brand. To companies, the knowledge embedded herein, will contribute to knowing the effect of horizontal line extension on customer repeat purchase in order to solve knotty problems hovering around production, customer satisfaction and their buying decisions.This study serves as provision of linkage between theory (of production) and practice for those (researchers) who intends to further research on this topic.

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