An Integrated SEM Neural Network Approach to Study Effectiveness of Brand Extension in Indian FMCG Industry

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Abstract: Brand extension as a strategy is used by corporates for increasing profits. It is an approach for new product development. Brand extensions have already been studied in the past few years, however, till now extensions have not been evaluated with the help of SEM (Structural Equation Modelling) and neural networks integrated approach. Neural networks help to analyze nonlinear influence in data without prior knowledge of such influences. SEM helps to validate framework proposed in the study and the significant variables gathered through SEM are used as an input for NN. The major advantage of such kind of hybrid technique is to understand the causal relationships in the variables, followed by the prediction of factors which influence brand extension. The study is based on the recent brand extension done by brand FROOTI in the form of FROOTI FIZZ (an aerated fruit drink). It's a cross-sectional study with the sample size of 281 respondents from Delhi/NCR region. The results of the study are useful for a comprehensive understanding of factors affecting brand extension and also to identify the relative importance of each of them through the use of Neural Network Technique.

Keywords: Brand Extension, Brand, Neural Networks, SEM

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