


Chapter 1

The Interaction Between Consumer Evaluations on Brand Extension Strategies in Luxury Product Categories With Brand Loyalty

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ABSTRACT

For successful growth, it is necessary to create brand assets and gain advantage. Brand extension strategy ensures differentiation, growth, and value creation by taking advantage of the brand's awareness, image, and power. What makes the strategy successful are the consumers who are loyal to the brand and frequently choose the brand. At this point, brand loyalty becomes important. Luxury consumption, which is the other element of this study, has become widespread due to factors such as globalization, technology, and communication technologies changing consumption styles. In this study, the relationship between consumers' evaluations of brand extensions and brand loyalty was examined through luxury products. In conclusion, there is a bidirectional effect in the relationship between consumer evaluations of brand extension strategies in luxury product categories and brand loyalty. It has been observed that consumer evaluations increase brand loyalty, and brand loyalty affects consumer evaluations positively.

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INTRODUCTION

The opportunities brought by technological progress, the internet, modern communication techniques and the resulting change in the consumer world not only offer opportunities to brands in many areas, but also have the feature of increasing competition. In order to achieve successful growth within the framework of contemporary marketing and today's volatile markets, it is important to create brand assets. Another thing that is equally important is to sustain these created beings. Because the brand is the most valuable asset of the business (Aaker, 2016). In this sense, brand extension which offers brands a way to differentiate, stand out, grow and create value by taking advantage of the brand's awareness, image and power to enter new markets, is defined as the use of the existing brand name in a new product or service. Among the many reasons that lead brands to this strategy, one stands out: The expectation that the consumer will be more likely to accept, try or purchase the new product of the brand he already knows. However, it is obvious that not every brand that uses a brand extension strategy is successful in the market because many factors have an impact on the correct implementation of this strategy.

According to the literature, one of the important keys to success in brand extension strategy is how attached consumers are to that brand, or in different words, the level of loyalty of consumers to the brand in question. Brand loyalty, known as the most important value expression of a brand, can be expressed as the consumer's preference and maintenance of that brand over other brands due to the positive emotions he feels towards a brand (Çelik et al., 2022: 54). Brand loyalty is one of the most challenging issues for brand managers. Almost all the reasons that increase competition between brands also affect consumers' brand loyalty; Consumers face confusion when faced with dozens alternatives in any category. This situation causes consumers to have weaker bonds to brands. Because each product or service responds to different needs of consumers, different levels of loyalty are likely to emerge in different product categories.

However, it is normal for there to be a complex interaction between brand extension strategy and brand loyalty. That is to say, Sometimes it is possible that brand loyalty will increase as a result of a successful brand extension strategy, and sometimes high brand loyalty may cause people to purchase a new product that will be launched under the same brand name without hesitation. Therefore, we can talk about a two-way relationship or interaction between brand extension and brand loyalty.

Brand loyalty is a level that takes work to reach due to today's volatile consumers. In this context, it is essential to understand the impact of brand extension decisions on brand loyalty in the ever-growing luxury products category. Therefore, this is the importance of the study. Although there are many studies in the literature on brand extension, brand loyalty and luxury consumption, there is no study that examines

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