Abstract

Objective. The purpose of this study is to analyze the effect of service brand extensions strategy on corporate image in mobile operator industry in Indonesia. It is an adaptation of previous study by Jose .M. Pina, (2006).

Method. This study employed a quantitative research methodology and the data were analyzed from 200 distributed questionnaires, 140 were valid. Several methods of data analyzing were used in this research such as paired sample t-test and simple regression analysis.

Results. It was found that the corporate image after brand extension depends on the corporate image before brand extension and the degree of fit that consumers perceived between the parent brand and the extension brand. The corporate image after brand extension also affects the perceived service quality of the parent brand.

Conclusion. The initial corporate image is very critical in extending a brand. It is not a guarantee that if a company with a positive corporate image extends the brand, the extension brand will be successful in the market. Moreover, if the corporate image is negative but the company still insist to extend the brand, the new brand may be failed and the corporate image may be damaged which is hard or even impossible to change.

Key words. Service marketing, Perceived quality, Brand, Brand image, Product and growth market strategy, Brand extensions, and Fit or similarities between the extension and parent brand.