

Journal of Fashion Business  
Vol.22, No.3

ISSN 1229-3350(Print)  
ISSN 2288-1867(Online)

J. fash. bus. Vol. 22,  
No. 3:1-15, July. 2018  
[https://doi.org/  
10.12940/jfb.2018.22.3.1](https://doi.org/10.12940/jfb.2018.22.3.1)

**Corresponding author**

Jaeha Lee  
Tel : +1-701-231-8220  
Fax : +1-701-231-5273  
E-mail: [jaeha.lee@ndsu.edu](mailto:jaeha.lee@ndsu.edu)

## **Antecedents of Intent to Purchase a Brand Extension -A University-Licensed Merchandise Case-**

**Jaeha Lee<sup>†</sup> · Kwangsoo Park**

Dept. of Apparel, Design and Hospitality Management,  
North Dakota State University, USA

---

### **Keywords**

brand extension,  
new product,  
licensed merchandise,  
university branding,  
intent to purchase

---

### **Abstract**

The purpose of this study is to address marketing strategies for the brand extension of university-licensed merchandise by investigating influences on intent to purchase a new university-licensed merchandise line, tartan. A survey questionnaire was developed and administered online to the major target market for university-licensed merchandise. Four hundred and fifty students and alumni from a US Midwestern university completed the survey. Respondents were asked to answer questions on university identification, perceived university prestige, perceived value of the university-licensed merchandise, intent to purchase a brand extension in university-licensed merchandise, and demographics. It was hypothesized that university identification (H1) and perceived university prestige (H2) are positively related to the perceived value of the university-licensed merchandise and that perceived value of the university-licensed merchandise is positively related to intent to purchase a brand extension in university-licensed merchandise (H3). The difference between students and alumni was also tested. Consumers with high university identification and high perceived university prestige highly valued the university-licensed merchandise. Consumers who perceived a high value of the current university-licensed merchandise displayed a strong intent to purchase a brand extension in university-licensed merchandise. There was no structural difference between the two groups. The study builds on existing research on the influences of attitudes toward the university and university-licensed merchandise on purchasing university-licensed merchandise, specifically investigating intent to purchase a brand extension in university-licensed merchandise. This study also extends previous brand-extension research into university-licensed merchandise.

---

## I. Introduction

Universities market themselves through branding. The university-licensed merchandise has become a very effective way for universities to market themselves via a recognizable brand. An additional benefit of university-licensed merchandise is generating funds to support various university activities from faculty researches to scholarship programs (Janoff, 2014). The university-licensed merchandise is one of the biggest markets in the licensing industry and it continues to grow. As around 40% of Americans follow college athletic teams, one-fourth of the goods sold through licensed sports apparel stores in 2012 was university-licensed merchandise (Kwak, Kwon, & Lim, 2015; Mamudi 2012). The sales of university-licensed merchandise in 2014 was \$4.6 billion, a 21% increase compared with sales in 2012 (Arnold, 2015). It encourages universities to increase product offerings by introducing new products. Creating unique designs associated with the university is key to the success of university-licensed merchandise (Battersby & Grimes 1999). University-licensed merchandise often uses the university trademark such as symbols or words and the uniqueness of university-licensed merchandise originates in the symbols and words associated with the university (Johnson, & Kim, 2013).

One way to grow a brand and to maintain brand equity is extending the brand (Keller, 2003). The brand extensions can revive the brand by renewing interest and liking for the brand. Moreover, brand extensions can be used to expand its reach and enhance its presence by providing people with more opportunities to experience the brand (Apostolopoulou, 2002). The concept of brand extension has been given various definitions as it is often used interchangeably with line extension (Ambler & Styles, 1996). Since distinctions between brand extension and line extension are not clear in practice, Kotler's (1991) encompassing definition of brand extension, "any effort to extend a successful brand name to launch new or modified products or lines" is used in this study. In line with this definition, the launch of new flavors by

the premium ice-cream brand Haagan-Dazs (i.e. same brand, same category) has been considered the brand's first "brand extension" (Dwek, 1993). The new university-licensed tartan product line adds new designs to university-licensed merchandise and it can be labelled as a brand extension based on Kotler's (1991) definition.

There are two different forms of brand extensions: vertical extension and horizontal extension. Vertical brand extension refers to the launching of new products in the same product category using the parent brand name and horizontal brand extension refers to introduce a new product in a different category from the parent brand (Keller & Aaker, 1992; Kim, Lavack, & Smith, 2001). There have been horizontal brand extensions of university-licensed merchandise as it expands to different product categories such as travel bags and automotive products (Heitner, 2014). However, vertical brand extensions of university-licensed merchandise are very limited due to the lack of designs used to reflect the image of the university.

This study will focus on the university-licensed tartan merchandise, one of the newest line in the university-licensed merchandise. As a vertical brand extension strategy to increase merchandise breadth, some universities are designing the school's official tartan and developing university-licensed tartan merchandise. The university-licensed tartan merchandise adds symbolic benefits of the university and provides students, alumni and supporters with more options to express their identity with the university. Therefore, the success of the university-licensed tartan merchandise can contribute to not only the sales of the university-licensed merchandise, but also the university's branding effort.

Despite increase in sales of university-licensed merchandise and universities' continuing efforts for branding, there have been very few studies to understand influences of purchase intention for university-licensed merchandise. The lack of studies has resulted in a dearth of theoretical frameworks from which to derive university-licensed merchandise marketing practices. In addition, while a number of researchers have studied purchase intention for brand extensions, research in the

context of university-licensed merchandise has drawn little attention among scholars. This study seeks to address marketing strategies for the brand extension of university-licensed merchandise, by investigating influences on purchase intention of a new university-licensed merchandise line, tartan. In addition, the difference between two major target markets, students and alumni is also tested.

## II. Theoretical Background and Hypotheses

### 1. Brand extension

Consumers' attitude toward the parent brand refers to consumer's overall evaluation of the brand, and forms the basis for consumer behavior towards the brand (Keller, 1993). Aaker and Keller (1990) have indicated that the success of a brand extension depends on consumers' beliefs and attitudes toward the original brand. Brand loyalty denotes consumers' positive attitude toward a brand (Saritas & Penez, 2017). Similarly, Hem and Iversen (2003) have argued that successful brand extension highly depend on brand loyalty toward the original brand. In the area of sports team branding, Tapp and Clowes (2002) have found that supporters with high degrees of sports club identification are more willing to spend money on brand extensions. Similarly, Abosag, Roper and Hind (2012) have confirmed that fans that have a strong emotional attachment to their club tend to support the club's brand extension. However, almost no research has investigated these relationships in the context of university branding. Thus, the aim of this study is to explore the relationships among the antecedents of brand extension success in university-licensed merchandise related to attitude and beliefs toward the original university brand and their impact on purchase intention of a brand extension. The three antecedents of brand extension success in university-licensed merchandise to be tested in this study are university identification, perceived university prestige and perceived value of the university-licensed merchandise.

### 2. University identification and perceived university prestige

Social identity is an individual's self-concept originated from membership of a social group (Hogg & Vaughan, 2002). Organizational identification is founded on social identity and defined as a perceived belongingness to an organization (Ashforth & Mael, 1992). A desirable brand image is formed when consumers perceive powerful and unique association with the brand (Koo, 2011). Thus, consumers add more value to the licensed products if they identify with the brand or organizational name (Burns & Bryant, 2002). The university-licensed merchandise communicates university identity and wearing or carrying a university-licensed product in public provides an opportunity to express one's university identity. Thus, consumers with university identification can see social value of the university-licensed product. Social value is one of the three primary dimensions of consumption value that drive consumer choice along with functional and emotional values (Sweeney, Soutar, Whiteley, & Johnson, 1996). Social value is particularly important in purchasing licensed products. It has been found that consumers purchased team apparel for their symbolic value, which denote the social or emotional value of a product to the consumer rather than utilitarian value (Kwon & Armstrong, 2006). Therefore, consumers with a strong university identification would perceive a high value of university-licensed merchandise due to its social value.

Attitude forms a preference toward products and the preference affects purchase intention (Park & Lee, 2012). A couple of studies have discovered that university identification influenced attitude toward university-licensed apparel consumption (Kwon, Park, & Lennon, 2002; Park and Park, 2007). Kwon et al. (2002) have examined the relationships among university identification, attitudes toward university logo apparel, and purchase intent with 282 college students at a large mid-western university. They have found that university identification influence both attitudes toward university logo apparel and purchase intent. Similarly, Lee and Trail's study (2012) has identified the relationship between athletic

team identification and athletic team merchandise purchase intention. Attitude can be explained by the personal outcome evaluation of an object, action or event (Ajzen & Fishbein, 1980). University identification can affect an evaluation of university-licensed merchandise and a form of evaluation can be perceived value. In the context of team-licensed merchandise, Kwak et al. (2015) have revealed that highly identified fans perceive licensed products more valuable than less identified fans do. Thus, the following hypothesis is proposed.

H1. University identification (UI) is positively related to perceived value of the university-licensed merchandise (VA).

Individuals identify with a group to enhance self-esteem (Mael & Ashford, 1992). In addition to identifying with a group, individuals can perceive the values and practices of the group as prestigious. The more prestigious the organization, the greater the potential to lift self-esteem through organization identification. Therefore, consumers who perceive a university as more prestigious would see more value of the university-licensed merchandise. Park and Park (2007) have explained purchasing behavior for university-licensed apparel by university employees, students, and alumni. Findings of this research has revealed causal relationships among university identification, prestige, social acceptance, attitude toward university-licensed apparel, and purchase intention via multichannels. This study provides evidence of the relationship between perceived university prestige and perception about university-licensed apparel consumption. As brand loyalty means positive attitude toward a brand, it can be related to perceived university prestige. Ahn, Park and Hyun (2018) have found the significant relationship between brand loyalty toward the parent brand and attitude and evaluation of the extended brand. This finding could support the relationship between perceived university prestige and perceived value of the university licensed merchandise. Thus, the following hypothesis is proposed.

H2. Perceived university prestige (UP) is positively

related to perceived value of the university-licensed merchandise (VA).

### 3. Perceived value and purchase intention

According to Zeithaml (1988), a functional benefit of products is perceived value, which is defined as the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given. Perceived value of a product is assessed by weighing the cost versus the perceived benefit. Perceived value has been identified as an influence on purchase intentions in many studies (e.g., Eggert and Ulaga, 2002; Grewal, Krishnan, Baker, & Borin, 1998). Several researchers have found a relationship between perceived value and purchase intention in team-licensed merchandise consumption (Kwon, Trail, & James, 2007; Lee and Trail, 2012). Kwon et al. (2007) have investigated the potential mediating effect of perceived value in the relationship between team identification and intent to purchase collegiate team-licensed apparel with 110 students attending a large university in the southeastern United States. The findings of this study have provided evidence of the increased intention of purchase as the perceived value of the licensed sport merchandise increased. Similarly, Lee and Trail's study (2012) has identified perceived product attributes (e.g., In general, what I get from team licensed merchandise is worth the cost) as a good indicator of athletic team merchandise purchase intention.

Classical conditioning has been used in marketing literature to investigate transfer of responses from an existing object to a new object. For example, Grossman (1997) have confirmed a favorable attitude transfer from an existing product to a paring new product. Further, Kim, Lim, and Bhargava (1998) have found an affect transfer from an existing product to a new product when there was a strong affect to an existing product. Consumers use prior knowledge and experience with an existing brand to evaluate an extension of that brand (Keller, 2003). Chowdhury (2007) have found support for the transfer of a brand's positive values to an

extension. Thus, the response to a new university-licensed merchandise line can be determined by the attitude or affect that consumers have formed toward the existing university-licensed merchandise. Consumers who perceive a high value of the existing university-licensed merchandise tend to perceive a high value of a new university-licensed merchandise line and in turn, increase the chance of purchase. In addition, consumers are willing to try brand extensions as long as the brand is perceived to be of high quality (Reast, 2005). Based on this rationale, the following hypothesis is proposed.

H3. Perceived value of the university-licensed merchandise (VA) is positively related to purchase intention of a brand extension in university-licensed merchandise (PI).

### III. Methods

#### 1. Survey procedure

A survey questionnaire was developed and administered online to the major target market for university-licensed merchandise, students and alumni from a US Midwestern university via a web-based survey provider. The student survey link was shared with the undergraduate students, who distributed it to their student peers via e-mail, Facebook, and face-to-face contact. The alumni survey was distributed to a random selection of alumni through the university's alumni foundation listserv. A URL took participants to a letter explaining the research, followed by a questionnaire. A student sample was chosen for this research because they compose one of the major target markets for university-licensed merchandise (Park & Park, 2007), while alumni were chosen for their ties to the university. Since university-licensed tartan was a new merchandise line and some respondents might not be aware of it, the background information about the new tartan merchandise line and sample product pictures were provided at the beginning of the questionnaire. Therefore, respondents were aware that tartan products were a new

merchandise line from the original university brand, which is a brand extension in the university-licensed merchandise.

#### 2. Measures

Six items assessing university identification (e.g., I am very interested in what others think about XXXX.) and six items assessing perceived university prestige (e.g., It is considered prestigious in the local community to be an alumni of XXXX.) were adapted from Mael and Ashford (1992) and modified to reflect the university. Perceived value of the university-licensed merchandise (e.g., What I get from XXXX branded products is worth the cost) was also measured by three items, which were adopted from Netemeyer, Krishnana, Pulling, Wang, Yagci, & Dean, (2004). Purchase intention of a brand extension in university-licensed merchandise (i.e., new tartan products) (e.g., I would purchase XXXX tartan products.) was measured by three items and the items were adapted from Dodds, Monroe, and Grewal's (1991) study. All items were presented in a 5-point Likert format; endpoints were such that higher numbers were associated with higher levels of the variable. Reliabilities of the measures are reported in Table 2.

#### 3. Sample characteristics

The sample ( $n = 450$ ) shows that 55.1% of the respondents are current XXXX students and 44.9% of them are XXXX alumni. A majority of the sample is female (68.6%). The student sample is mostly 18–25 years old (99.23%), female (70.2%), and earn less than \$9,999 (73.7%). In the alumni sample, 63.7% are female and half of them (51.8%) earn more than \$61,000. See table 1 for the detailed demographic profile of respondents.

Table 1. Demographic Profile of the Sample

Variables	Students		Alumni	
	Frequency	Percentage	Frequency	Percentage
Age				
18-25	253	99.2	14	7.2
26-34	1	.4	41	21.0
35-54	1	.4	76	39.0
55-64	0	0	44	22.6
65 or over	0	0	20	10.3
Gender				
Female	179	70.2	123	63.7
Male	72	28.2	70	36.3
Income				
Less than \$9,999	188	73.7	3	1.5
\$10,000 to \$20,999	50	19.6	8	4.1
\$30,000 to \$30,999	5	2.0	13	6.7
\$31,000 to \$40,999	1	.4	13	6.7
\$41,000 to \$50,999	1	.4	12	6.2
\$51,000 to \$60,999	1	.4	17	8.7
\$61,000 to \$69,999	1	.4	14	7.2
\$70,000 and above	1	.4	87	44.6

Table 2. Frequency of Shopping for the University-Licensed Merchandise

Frequency of Shopping for the University-Licensed Merchandise	Percentage	
	Students	Alumni
Less than once a year	8.9	26.7
Once a year	12.1	19.3
Two or three times a year	34.7	37.1
Once every two or three months	22.2	12.4
Once a month	14.1	3.0
Twice a month	5.6	0.5
Once a week	2.0	0.5
More than once a week	0.4	0.5

#### IV. Results

##### 1. Descriptive analyses

Descriptive analyses have been performed to investigate university-licensed merchandise shopping behaviors of the sample and differences between the student and the alumni samples in the purchase behaviors. Almost half of the

respondents (48.1%) indicated that they shopped for the university-licensed merchandise one to three times a year. Comparing between students and alumni, students tended to shop more often for the university-licensed merchandise than alumni do. While 44.3% of students indicated that they shopped once every two to three months or more often, only 16.9% of alumni did (see Table 2).

The one top reason for choosing the university-licensed merchandise was *relationship with the institution* (38.6%), followed by *design of products* (16.8%) and *selection of products* (12 %). This indicates that both students and alumni shopped the university-licensed merchandise for their symbolic value, *relationship with the institution*. There was no difference in reasons for choosing the university-licensed merchandise between students and alumni (see Table 3).

More than half of the respondents indicated that they spend \$20–\$49.99 (22.6%) or \$50–\$99.99 (30.9%) annually on the university-licensed merchandise. There was no notable difference in annual spending on university-licensed merchandise between students and alumni (see Table 4).

The price range of the university-licensed merchandise that respondents purchase most frequently was \$20–\$39.99 (46.85%) in the both student and alumni samples. However, the price range that is purchased

second-most frequently was \$10–\$19.99 (30.9%) in the student sample while \$40–\$69.99 in the alumni sample (31%). See Table 5.

Students wear the university-licensed apparel more often than Alumni do. While 61.3% of students wear the university-licensed apparel once or more than once a week, 72% of alumni wear the university-licensed apparel twice a month or less (see Table 6).

Differences in responses between students and alumni were analyzed, performing t-tests on all independent and dependent variables. There were significant differences between two groups on two variables – perceived value ( $t = -3.840$ ;  $a < .001$ ) of the university-licensed merchandise and purchase intention of a brand extension in university-licensed merchandise ( $t = -3.494$ ;  $a < .01$ ). Alumni perceived higher value of the university-licensed merchandise and indicated stronger purchase intention of a brand extension in university-licensed merchandise than students did.

**Table 3. Reasons for Choosing the University-Licensed Merchandise**

Reasons for Choosing the University-Licensed Merchandise	Percentage	
	Students	Alumni
Price	11.5	9.9
Location of the store	13.5	7.0
Selection of products	10.1	13.7
Quality of products	8.8	11.3
Design of products	18.0	14.7
Your relationship with XXXX	36.8	41.7
Other	1.3	1.7

**Table 4. Annual Spending on the University-Licensed Merchandise**

Annual Spending on the University-Licensed Merchandise	Percentage	
	Students	Alumni
Less than \$20	8.5	16.9
\$20–\$49.99	26.3	20.9
\$50–\$99.99	35.6	26.4
\$100–\$199.99	21.1	9.4
\$200 or more	8.5	16.4

**Table 5. Price Range of the University-Licensed Merchandise that Purchased Most Frequently**

Price Range of the University-Licensed Merchandise that Purchased Most Frequently	Percentage	
	Students	Alumni
Less than \$10	8.1	50.5
\$10-\$19.99	30.9	17.5
\$20-\$39.99	45.5	44
\$40-\$69.99	14.7	31
\$70-\$99.99	0.0	1.5
\$100 or more	0.8	0.5

**Table 6. Frequency of Wearing the University-Licensed Apparel**

Frequency of Wearing the University-Licensed Apparel	Percentage	
	Students	Alumni
Less than once a year	2.8	9.0
Once a year	1.6	2.5
Two or three times a year	3.6	10.5
Once every two or three months	4.0	12.5
Once a month	9.7	14.5
Twice a month	17.0	23
Once a week	39.5	18.5
More than once a week	21.8	9.5

## 2. Hypotheses testing

The measurement model was tested by using Confirmatory Factor Analysis and the results exhibit a good fit to the data ( $\chi^2=217.414$ ;  $df=9$ ;  $\chi^2/df=2.289$ ; GFI=0.951; CFI=0.976; NFI=0.958; RMSEA=0.050). All Composite Reliability (CR) values for the multi-item scales exceed the minimum standard for reliability of 0.7 (Hair, Black, Babin, & Anderson, 2009) reconfirming reliability of the measures (See Table 7).

Discriminant validity is the extent to which a construct

is truly distinct from other constructs and it shows measurement item's unidimensionality. Discriminant validity was assessed by comparing the shared variance (squared correlation) among four constructs against the average of the Average Variance Extracted (AVE) for the constructs. Greater value of AVEs than Maximum Shared Squared Variance (MSV) and Average Shared Squared Variance (ASV) are suggested to confirm discriminant validity of the measurement model (Fornell & Larcker, 1981). The results showed the AVEs for UI, UP, VA, and PI were greater than the MSVs and ASVs (see Table 8).

**Table 7. Results of Confirmatory Factor Analysis**

Constructs and Items	Standardized Coefficient	Composite Reliability
<b>University Identification (UI)</b>		.886
If a story in the media criticized the XXXX, I would feel embarrassed.	.573	
When someone praises the XXXX, it feels like a personal compliment.	.868	
I feel a sense of ownership for the XXXX rather than being just a student or alumnus of the XXXX.	.808	
When someone criticizes the XXXX, it feels like a personal insult.	.819	
The XXXX's successes are my successes.	.795	
I am very interested in what others think about the XXXX.	.700	
<b>Perceived University Prestige (UP)</b>		.816
Alumni of the XXXX would be proud to have their children attend the XXXX.	.656	
The XXXX is considered one of the best in the community.	.818	
It is considered prestigious in the local community to be an alumnus of the XXXX.	.716	
People in my community think highly of the XXXX.	.712	
<b>Perceived Value of the University-Licensed Merchandise (VA)</b>		.880
Compared with others, the XXXX branded product is a good value for the money.	.806	
All things considered (price, time and effort), the XXXX branded products is a good buy.	.882	
What I get from the XXXX branded products is worth the cost.	.837	
<b>Purchase Intention of a brand extension in university-licensed merchandise (PI)</b>		.940
The probability that I would consider buying the XXXX tartan products is high.	.920	
I would consider buying the XXXX tartan products.	.901	
I would purchase the XXXX tartan products.	.929	

**Table 8. Discriminant and Convergent Validity**

	AVE	MSV	ASV	UP	PI	UI	VA
<b>UP</b>	0.528	0.413	0.245	0.727			
<b>PI</b>	0.840	0.128	0.090	0.275	0.916		
<b>UI</b>	0.570	0.413	0.215	0.643	0.258	0.755	
<b>VA</b>	0.710	0.245	0.179	0.495	0.358	0.406	0.843

AVE: Average Variance Extracted; MSA: Maximum Shared Squared Variance; ASV: Average Shared Squared Variance

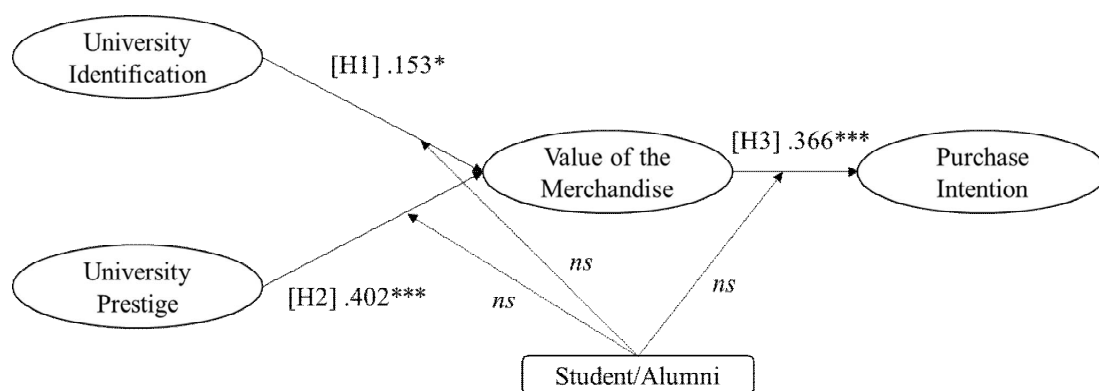
A structural equation model was analyzed by using AMOS 24. The overall logic of the model was based on the idea that the university's brand effort has structural relationship with new product line. The model fits the data well; fit statistics indicate that indices meet the generally acceptance cutoffs ( $\chi^2/df = 2.331$ ; GFI=0.949; CFI=0.975; NFI=0.957; RMSEA=0.050). Note standardized estimates ( $\beta$ ) correspond to effect-size estimates. Significant positive relationships were found (H1) between University identification and perceived value of the university-licensed merchandise ( $\beta = .153$ ), (H2) between perceived university prestige and perceived value of the university-licensed merchandise ( $\beta = .402$ ), and (H3) between perceived value of the university-licensed merchandise and purchase intention of a brand extension in university-licensed merchandise ( $\beta = .366$ ) (see Figure 1).

A multi-group structural equation modeling approach was used to compare current students and alumni on the model to check if there is any difference on the model between the alumni and students. The chi-square from a model with all parameters allowed to be unequal across groups was compared to the chi-square from a model with only the loadings constrained to be equal across groups. As unconstrained model ( $\chi^2 = 341.319$ ;  $df =$

194) was not statistically different ( $p$ -value = 0.200) from a fully constrained model ( $\chi^2 = 360.630$ ;  $df = 209$ ), the results suggest that there are no structural difference between the two groups.

## V. Conclusion

The purpose of this study is to address marketing strategies for the brand extension of university-licensed merchandise, by investigating influences on purchase intention of a new university-licensed merchandise line, tartan. The structural model tested in this study shows the value of merchandise mediates the relationship between university identification and purchase intention, and the relationship between perceived university prestige and purchase intention. The results confirm the previous studies (Kwon et al., 2002; Park & Park, 2007), finding influences of university identification and perceived university prestige on perceived value of the university-licensed merchandise. This suggests that consumers with high university identification and high perceived university prestige highly value the university-licensed merchandise. Another finding of this study is that consumers who perceive a high value of the current university-licensed merchandise display a strong



Figures: standardized estimates; \*\* $p < 0.01$ , \*\*\* $p < 0.001$ , ns = not significant

Figure 1. Structure Equation Model Results

purchase intention of a brand extension in university-licensed merchandise. This result is consistent with previous studies (Kwon et al., 2007; Lee & Trail, 2012), confirming the relationship between perceived value and purchase intention. The current study builds on existing research on the influences of university identification and perceived university prestige on purchasing university-licensed merchandise by extending the influences into purchase intention of brand extension in university-licensed merchandise. This study also extends previous brand extension research efforts by confirming the relationships between attitudes toward the parent brand and purchase intention of brand extension in the context of university-licensed merchandise. (Abosag et al., 2012; Tapp & Clowes, 2002).

According to descriptive analyses, alumni spend as much as students do on the university-licensed merchandise annually. The difference is that alumni shop less frequently, but purchase the university-licensed products in higher price ranges. Many students wear the university-licensed apparel quite frequently as 62% of students wear once or more than once a week. Both students and alumni shopped the university-licensed merchandise for their symbolic value, indicating *relationship with the institution* as the top reason for choosing the university-licensed merchandise. This result is consistent with Kwon and Armstrong (2006)'s study. Not many students and alumni spend a significant amount on the university-licensed merchandise as more than half of them spend less than \$100 annually.

While there is no difference between students and alumni on antecedents of university identification and perceived university prestige, perceived value of the university-licensed merchandise are significantly higher in the alumni sample. Alumni see more value in purchasing university-licensed merchandise than students do. Alumni also display stronger purchase intention of a brand extension in university-licensed merchandise. In addition, there was no difference on the structural model between the two groups, students and alumni. The current relationship with the university (e.g., students, alumni) did not impact the influences of university identification,

perceived university prestige, and perceived value of university-licensed merchandise on purchase intention of a brand extension in university-licensed merchandise. This finding means that purchase intention toward a brand extension depends on consumers' attitude toward the university brand, rather than their current relationship with the university.

Findings of this study suggest that a well-established university image is a determinant of brand extension success in university-licensed merchandise. Consumers' university identification and perceived prestige of the university influence perceived value of the university-licensed merchandise, and in turn, increase purchase intention of a brand extension in university-licensed merchandise. University identification is the social identity that a group of people have in common in relation to their favorite university and is determined by the university's distinctive values and practices (Kwon et al., 2007; Oakes & Turner, 1986). A well-established university image provides students, alumni and supporters of the university with unique attributes to define the university and to be proud of. Thus, universities should focus on establishing a distinctive university image to succeed in brand extensions. Perceived university prestige has a stronger influence on perceived value of the university-licensed merchandise than university identification has. Publicizing success, achievement, and recognition of the university through various media would enhance perceived university prestige of students, alumni, and supporters.

As product life cycles have been shorter due to market trends and changes in consumers' shopping styles, it is critical to introduce new products to remain viable. A challenge in developing a new product line as a brand extension is transferring consumers' affect for the existing product to a new product. This study finds that perceived value of the current university-licensed merchandise is positively related to purchase intention of a brand extension in university-licensed merchandise. If consumers highly value the current university-licensed merchandise, they have a strong intention to purchase a brand extension in university-licensed merchandise. This

finding suggests that consumers' affection for an existing product could be transferred to a brand extension in university-licensed merchandise. Therefore, the current loyal customers who perceive the university as prestigious and highly value the current university-licensed products should be a key target market for a brand extension in university-licensed merchandise as well. Having the current loyal customers as a key target market, providing consistency and association with the established properties of the current merchandise is critical in developing a brand extension. For example, in developing tartan products, using university colors in creating tartan and applying tartan to existing university logos or symbols helps to maintain consistency with the current university-licensed merchandise.

Alumni perceive higher value of university-licensed merchandise, shop for university-licensed merchandise less frequently, and purchase products in higher price ranges. Students shop for university-licensed merchandise more frequently, purchase products in lower price ranges, and wear university-licensed apparel more often. These findings suggest different marketing strategies to target these two different groups. Alumni do not shop frequently for university-licensed products as much as students do, but they are more willing to purchase products in higher price ranges and open to new products. In addition, a multi-group structural equation modeling analysis indicated that the current relationship with the university (e.g., students, alumni) did not impact the influences of university identification, perceived university prestige, and perceived value of university-licensed merchandise on purchase intention of a brand extension in university-licensed merchandise. Further, intention to purchase a brand extension in university-licensed merchandise is stronger among alumni than students. Alumni are still likely to purchase new university-licensed merchandise as a form of brand extension as long as they perceive their belongingness to the university, the university prestige and value of the university-licensed merchandise.

Alumni are one of the most important target market for a brand extension in university-licensed merchandise

and marketing strategies should engage alumni in launching a brand extension. A brand extension adding new products with high quality and distinctiveness that adds variety to current product offerings would be appealing to the alumni group. In addition, continuous marketing efforts should be invested to maintain alumni's positive attitudes toward the university and university-licensed merchandise. Students shop often for inexpensive items and wear university-licensed apparel frequently. A brand extension that are geared toward students can be focused on everyday items at lower prices. Both students and alumni shopped the university-licensed merchandise because of their relationship with the university. Marketing strategies focusing on social and emotional values (e.g., university pride, loyalty, membership) would be effective for both student and alumni groups in promoting university-licensed merchandise and its brand extensions.

This study is subject to several limitations. The sample for this study is drawn from a university. Results would vary by type of university and region. Future studies can use samples from various institutions. Only students and alumni were included in the sample for this study. Other interest groups such as fans and family/friends of students can be examined. This study focused on social and emotional values of university-licensed merchandise, testing influences of university identification and perceived university prestige on perceived value. Factors related to utilitarian value of university-licensed merchandise can be investigated for future studies. This study tested the differences between students and alumni and no difference was found. Future studies could explore differences by other demographics.

## References

- Aaker, D., & Keller, K. (1990). Consumer evaluations of brand extensions. *Journal of Marketing*, 54(1), 27-41.
- Abosag, I., Roper, S., & Hind, D. (2012). Examining the relationship between brand emotion and brand extension among supporters of professional football clubs. *European Journal of Marketing*, 46(9),

- 1233–1251. doi:10.1108/03090561211247810
- Ahn, J., Park, J., & Hyun, H. (2018). Luxury product to service brand extension and brand equity transfer. *Journal of Retailing and Consumer Services*, 42, 22–28. doi:10.1016/j.jretconser.2018.01.009
- Ajzen, I., & Fishbein, M. (1980). *Understanding attitudes and predicting social behavior*. Englewood Cliffs, NJ: Prentice Hall.
- Ambler, T., & Styles, C. (1996). Brand development versus new product development: Towards a process model of extension decisions. *Marketing Intelligence & Planning*, 14(7), 10–19. doi:0.1108/10610429710186752
- Apostolopoulou, A. (2002). Brand extensions by US professional sports teams: Motivations and keys to success. *Sport Marketing Quarterly*, 11(4), 205–214.
- Arnold, K. (2015, September 14). Retailers score big with high-end college goods. *Orlando Sentinel*. Retrieved January 22, 2017, from <http://www.orlandosentinel.com/business/os-high-end-college-gear-20150914-story.html>
- Ashforth, B.E., & Mael, F. (1989). Social identity theory and the organization. *Academy of Management Review*, 14, 20–39. doi: 10.5465/amr.1989.4278999
- Battersby, G., & Grimes, D. (1999). *Licensing update*. New York, NY: Aspen Law & Business.
- Burns, L.D., & Bryant, N.O. (2002). *The business of fashion*. New York, NY: Fairchild.
- Chowdhury, H.K. (2007). An investigation of consumer evaluation of brand extensions. *International Journal of Consumer Studies*, 31(4), 377–384. doi: 10.1111/j.1470-6431.2006.00568.x
- Dwek, R. (1993, September). Brand extension: Extras put the bite on rivals. *Marketing*, 23, 2.
- Dodds, W.B., Monroe, K.B., & Grewal, D. (1991). Effects of price, brand and store information on buyers' product evaluations. *Journal of Marketing Research*, 28, 307–319. doi:10.2307/3172866
- Eggert, A., & Ulaga, W. (2002). Customer perceived value: A substitute for satisfaction in business markets? *The Journal of Business & Industrial Marketing*, 17, 107–118. doi:10.1108/08858620210419754
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39–50. doi:10.2307/3151312
- Grewal, D., Krishnan, R., Baker, J., & Borin, N. (1998). The effects of store name, brand name and price discounts on consumers' evaluations and purchase intentions. *Journal of Retailing*, 74(3), 31–52.
- Grossman, R.P. (1997). Co-branding in advertising: developing effective associations. *Journal of Product & Brand Management*, 6, 191–201. doi:10.1108/10610429710175709
- Hair, J., Black, W., Babin, B., & Anderson, R. (2009). *Multivariate data analysis* (7th ed.). Upper Saddle River, NJ: Prentice-Hall.
- Heitner, D. (2014, June 17). Sports licensing soars to \$698 million in royalty revenue. *Forbes*. Retrieved January 20, 2017, from <https://www.forbes.com/sites/darrenheitner/2014/06/17/sports-licensing-soars-to-698-million-in-royalty-revenue/#2bc1f60d756b>
- Hem, L.E., & Iversen, N.M. (2003). Transfer of brand equity in brand extension: The importance of brand loyalty. *Advanced Consumer Research*, 30(1), 72–79.
- Hogg, M.A., & Vaughan, K.L. (2002). *Social psychology*. London, UK: Prentice Hall.
- Janoff, B. (2014, August 7). The new college spirit: University licensed merchandise retail market his \$4.6B". *NYSportsJournalism.com*. Retrieved January 22, 2018, from <http://www.nysportsjournalism.com/college-merch-sales-hit-46b-86/2014/8/7/that-new-college-spirit-university-licensed-merchandise-retail.html>
- Johnson, K.K.P., & Kim, H. (2013). Relationship of parenting style and perceived value of characterized children's fashion products. *Journal of Fashion Business*, 17(3), 15–29. doi:10.12940/jfb.2013.17.3.15
- Keller, K.L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing*, 57(1), 1–22. doi:10.2307/1252054
- Keller, K.L. (2003). Brand synthesis: The multidimensionality of brand knowledge. *Journal of Consumer Research*, 29(4), 595–600. doi:10.1086/

- 346254
- Keller, K.L., & Aaker, D.A. (1992). The effects of sequential introduction of brand extensions. *Journal of Marketing Research*, 29(1), 35–60.
- Kim, C.K., Lavack, A.M., & Smith, M. (2001). Consumer evaluation of vertical brand extensions and core brands. *Journal of Business Research*, 52, 211–222. doi:10.1016/S0148-2963(99)00107-1
- Kim, J., Lim, J., & Bhargava, M. (1998). The role of affect in attitude formation: A classical conditioning approach. *Academy of Marketing Science Journal*, 26, 143–152. doi: 10.1177/0092070398262005
- Koo, I. (2011). The effects of demographic factors on children's wear brand preference and their reasons, and brand evaluation. *Journal of Fashion Business*, 15(3), 32–50.
- Kotler, P. (1991). *Marketing management: Analysis, planning, implementation and control*. (7th ed.). Englewood Cliffs, NJ: Prentice-Hall.
- Kwak, D., Kwon Y., & Lim, C. (2015). Licensing a sports brand: Effects of team brand cue, identification, and performance priming on multidimensional and values and purchase intention. *Journal of Product & Brand Management*, 24(3), 198–210. doi:10.1108/JPBM-05-2014-0579
- Kwon, H., & Armstrong, K.L. (2006). Impulse purchase of sport team licensed merchandise: What matters? *Journal of Sport Management*, 20, 101–119. doi:10.1123/jsm.20.1.101
- Kwon, H., Park, J.H., & Lennon, S.J. (2002). The effect of university identification on the attitude and purchase intension toward school licensed apparel. *Proceedings of the 2002 International Textile and Apparel Association Conference*. Retrieved January 18, 2017, from <http://cdm16001.contentdm.oclc.org/cdm/compoundobject/collection/p16001coll5/id/10803/rec/6>
- Kwon, H.H., Trail, G., & James, J.D. (2007). The mediating role of perceived value: Team identification and purchase intention of team-licensed apparel. *Journal of Sport Management*, 21(4), 540–554.
- Lee, D., & Trail, G.T. (2012). Confirmatory analysis of the athletic team merchandise model. *Measurement in Physical Education and Exercise Science*, 16(2), 101–118. doi:10.1080/1091367X.2012.657555
- Mael, F., & Ashford, B.E. (1992). Alumni and their alma mater: A partial test of the reformulated model of organizational identification. *Journal of Organizational Behavior*, 13, 103–123. doi:10.1002/job.4030130202
- Mamudi, S. (2012, March 15). College-licensed apparel tops sports market. *MarketWatch*. Retrieved January 4, 2017, from <http://www.marketwatch.com/story/college-licensed-apparel-tops-sports-market-2012-03-15>
- Netemeyer, R.G., Krishnana, B., Pulling, C., Wang, G., Yagci, M., & Dean, D. (2004). Developing and validating measures of facets of customer-based brand equity. *Journal of Business Research*, 57, 209–224. doi:10.1016/S0148-2963(01)00303-4
- Oakes, P., & Turner, J.C. (1986). Distinctiveness and the salience of social category memberships: Is there an automatic perceptual bias towards novelty? *Journal of Social Psychology*, 16, 325–344. doi:10.1002/ejsp.2420160403
- Park, E., & Lee, S. (2012). Effects of price attitude toward apparel products on shopping values and consumption behavior. *Journal of Fashion Business*, 16(6), 109–126. doi:10.12940/jfb.2012.16.6.109
- Park, J., & Park, J. (2007). Multichannel retailing potential for university-licensed apparel. *Clothing & Textiles Research Journal*, 25(1), 58–73. doi:10.1177/0887302X06296867
- Park, E., & Lee, S. (2012). Effects of price attitude toward apparel products on shopping values and consumption
- Reast, J.D. (2005). Brand trust and brand extension acceptance: The relationship. *Journal of Product & Brand Management*, 14(1), 4–13. doi:10.1108/10610420510583707
- Saritas, A., & Penez, S. (2017). Factors of purchasing decision and Measuring brand loyalty: An empirical study of automotive sector. *Journal of Marketing & Management*, 8(1), 1–10.
- Sweeny, J.C., Soutar, G.N., Whiteley, A., & Johnson, L.W. (1996). Generating consumption value items: A

- parallel interviewing process approach. *Asia Pacific Advances in Consumer Research*, 2(1), 108–115.
- Tapp, A., & Clowes, J. (2002). From 'carefree casuals' to 'professional wanderers': Segmentation possibilities for football. *European Journal of Marketing*, 36(11/12), 1248–69. doi:10.1108/03090560210445164
- Zeithaml, V.A. (1988). Consumer perceptions of price, quality and value: A means-end model and synthesis of evidence. *Journal of Marketing*, 52(July), 2–22. doi:10.2307/1251446
- 
- Received (June 10, 2017)  
 Revised (July 9, 2017; June 25, 2018)  
 Accepted (July 11, 2018)