

**DETERMINANTS OF FAVORABLE CONSUMER BRAND EXTENSION
EVALUATION-**

Are 'QUALITY' and 'FIT' the most important determinants?

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ABSTRACT

This paper studies the literature to find out the determinants of brand extension success and also to find out if 'QUALITY' and 'FIT' are the most important determinants. Paper in its first part summarizes the seminal work of Aaker and Keller on 'QUALITY' and 'FIT' and the comparative studies of A&K model and replication studies. In its second part findings of researchers who have worked either exclusively on other determinants or have studied other factors apart from the two studied in the first part of the paper have been summarized. It was found that Brand extension evaluation is influenced by many factors like success or failure of intervening extensions, Brand specific associations, consumer knowledge, parent brand attribute beliefs, Benefit accessibility, personality fit, access to advertisement, attitude toward the advertisement for extensions (Aad) and advertising priming the fit and results given by researchers have pointed out that QUALITY and FIT may not be the most important determinants as presumed in literature.

Introduction:

Marketers are adopting brand extensions ("Use of established brand names to enter new product categories or classes" Keller & Aaker, 1992) for new product introductions because of increasing costs involved in building new brands. The research in the field of brand extension is imperative to find and recognize the factors that lead to success or failure of brand extensions. In recent

years the research in this area has suggested more determinants and also examined the validity of previously established determinants in different cultures and economies.

Objective:

Study of literature to:

- Enlist the determinants of brand extension success
- Find out if 'QUALITY' and 'FIT' are the most important determinants.

Some important studies on 'Perceived Quality' and 'Fit':

Aaker and Keller (1990) in their seminal work (Google scholar shows 2647 citations of this work as in July, 2014) found that Perceptions of the quality of the original brand 'QUALITY' and perceived fit between original and extended brand category 'FIT' effect the evaluation of the brand extension. They had hypothesized that consumer evaluation is influenced by:

1. 'QUALITY'
3. Interaction of 'QUALITY' and 'FIT'
4. Perceived difficulty 'DIFFICULT' of designing and manufacturing the extension product category

They studied three dimensions of the FIT:

TRANSFER: The perceived applicability of expertise or assets of a competent manufacturer to the Brand Extension

COMPLEMENT: Whether the extension was perceived to be of complementary category

SUBSTITUTE perceived class substitutability

They found that 'QUALITY' of the parent brand had a relationship with extension only when consumers could perceive a FIT between product categories. That means QUALITY has an indirect effect on the consumer extension evaluation.

They found that TRANSFER had a direct effect on evaluation and that TRANSFER and COMPLEMENT were better predictors than SUBSTITUTE of brand extension success. Their study found positive relationship between DIFFICULT and Brand extension evaluations.

Consumer attitude towards brand extensions has been studied through multiple replications of Aaker and Keller's attitude based model and through comparative analysis of the original model and its replication. Two such comparative studies are being mentioned here.

Bottomley and Holden (2001) have done a comparative analysis of the original work and its replications using a comprehensive data set containing the data from the original study and seven replications conducted around the world, the authors studied the generalizations. They found full support to the model hypothesized (not results of the study) by Aaker and Keller. While study by A&K found that quality was indirectly linked to consumer evaluations, they found, "the quality of the parent brand is a significant and important predictor of extension evaluations." Regarding Fit, like A&K study, they also found that FIT to be an important determinant. This study supports finding of A&K in that that the Transferability and complementarity appear to be relatively more important predictors than substitutability.

They further observed, "Cultural difference do not alter the fact that the main effects of Quality and Fit contribute significantly to evaluations of brand extensions, but they do influence the relative importance of these factors"

Kaur and Pandit (2014): In this recent study they have made a comparative analysis that extends the Bottomley and Holden study with five additional studies, which includes their own extensive study, a study conducted in China and another from India. They have found support for most of what had been hypothesized by A&K except for the DIFFICULT (perceived difficulty in production of extension). The findings of their research don't support DIFFICULT as a significant determinant of consumer evaluations. Their results are different from that of A&K's study on at least one more consideration. They found QUALITY to be a key factor while A&K found it to be indirectly influencing the evaluations. This finding is in line with findings of Bottomley and Holden.

Beyond the 'Perceived Quality' and 'Fit':

Keller and Aaker (1992) studied the **effects of sequential introduction of brand**

Extensions and have concluded that

- High quality brands can be stretched farther than average quality brand, as favorable extension evaluations were found for a high quality core brand where the extension category was very dissimilar; but where both credibility and fit were lower, extension evaluation for average quality core brand were lower.
- Successful intervening extension improved evaluations of a proposed extension for average quality parent brand and unsuccessful intervening extension decreased evaluations of a proposed extension for average quality parent brand. Thus the **success or failure of intervening extensions** and quality of core brand influence the successive extensions.

Bron and Alba (1994) have found that **Brand specific associations** dominate the impact of the Brand effect and category similarity particularly when **consumer knowledge** of brand is high. They have taken brand association to mean the attribute that differentiates the brand from competing brands.

Bhat & Reddy (2001) studied role of **parent brand attribute beliefs** and affect in consumer's initial evaluation of a brand extension. This study suggests that parent brand attribute associations are more important a factor than parent brand affect in extension evaluation that had been presumed in the literature. Further, the study suggests that extending to category into which its existing core **brand associations and imagery fit, is a better option than extending into the same product categories as of the parent**. Thus, linking extensions to parent brand attribute associations and image in consumers' minds is vital to success of brand extension

Meyvis & Janiszewski (2004): Benefit accessibility and brand extension category similarity both contribute to brand extension success. They have found that when the broad brand's benefit associations are more accessible than narrow brand, broad brand is preferred over narrow brand. Yet, when benefit accessibility is equivalent in both broad and narrow brands then, like in the case of single brand extension, an extension from a similar brand was preferred, thus extension broad brand in this case doesn't stand to gain as Consumers are more likely to generalize the

benefits associated with the similar, narrow brand than those associated with the less similar, broad brand. Thus, brand evaluations are more specifically attributed to changes in the relative accessibility of the benefit associations of the two brands. “However, if consumers rely on the most accessible and diagnostic brand associations to infer the benefits offered by the extension (e.g., Broniarczyk and Alba 1994), broad brands may have an advantage over narrow brands.”

Lau & Phau (2007): They hypothesized (H4 of their research) that extensions with **high personality fit between the extension and core brand** will lead to stronger brand image fit than extension brands with low personality dimension fit and their research results supported the hypothesis. Thus perceived Personality fit leads to favorable extension evaluation. Extension brands with high personality dimension will lead to stronger brand image fit than extension brands with low personality dimension fit.

Martínez, Montaner & Pina (2009) suggested that there is a stronger impact of the initial brand image on consumer evaluation of the extension if potential **consumers of the extension have access to advertisement**. Both the advertisements that highlighted features of the extension and those that highlighted associations of the brand had same effect. Thus advertisement emphasizing on image can lead to favorable evaluation of brand extension.

Dens & De Pelsmacker (2010): Their research suggests that quality and fit may not be the most important determinants of the extension evaluation for low involvement product category. It confirms that **attitude toward the advertisement for extensions (Aad)** affects extension evaluation. The impact is greater than the effect of quality and perceived fit. The results also show that Aad, quality, and fit have a different effect on extension evaluations depending on **high or low involvement product category** and the **advertising appeal (informational vs. emotional)**. They have further suggested that when consumers are exposed to an ad for a new extension, the evaluation is influenced by their attitude toward the extension ad, especially in low involvement product categories, or when the ad is informative i.e. it provides them with useful information on the extension (and not when it has emotional appeal)

Bambauer-Sachse, S., Hüttl, V., & Gierl, H. (2011): The study focused on finding out if consumer evaluations could be enhanced in case of moderately or poorly fitting extensions or if a

good fit is a precondition to the success of extension. The result of empirical study points out that in the case of moderately fitting brand extensions, ‘**priming the fit**’ between the core brand and the brand extension can be beneficial. Consumers evaluate **moderately fitting brand extensions** favorably, if the advertisements for these products highlight the fit to the core brand. However, the results show that priming fit in the case of a poor fit is damaging. The research further suggests that advertisement elements that are characteristically related with the parent brand can build links between the extension and the parent brand.

Conclusion:

Results of many influential works have established that ‘quality’ and ‘perceived fit’ are vital determinants of consumer brand extension evaluation but perhaps no work as such asserted that these are the most important ones. Later research has identified many determinants like success or failure of intervening extensions, Brand specific associations, consumer knowledge, parent brand attribute beliefs, Benefit accessibility, personality fit, access to advertisement, attitude toward the advertisement for extensions (Aad) and advertising priming the fit. Some results have pointed out that QUALITY and FIT may not be the most important determinants as presumed in literature. It is just that the previous research has lead to this assumption that brand extension can become successful if the quality of core brand and the fit are high. The fact, that these determinants were the early ones to be researched upon, has given them this position.

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