Brand Extensions: Brand Concept Congruency and Feedback Effects Revisited

Helge Thorbjørnsen

Associate Professor of Marketing

Norwegian School of Economics and Business Administration

Department of Strategy and Management

Breiviksveien 40

N-5045 Bergen

Norway

Phone: +47 55959535

Fax: +47 55959430

e-mail: helge.thorbjornsen@nhh.no

Brand Extensions: Brand Concept Congruency and Feedback Effects Revisited

Research paper

Word count: 4887 plus structured abstract (236 words)

Keywords: Brand extensions, Brand Concept Management, Brand Familiarity, Feedback-effects

Structured abstract:

Purpose of the paper

The aim of this research is to examine the effects of congruent and incongruent brand concept extensions on consumer attitudes towards the extended product and feedback effects on the parent brand. Moreover, brand familiarity is proposed as an important moderator variable in determining feedback effects on attitude to the parent brand.

Design / methodology / approach

An experimental research design was applied for testing the set of hypotheses put forth. The product category of wrist-watches was utilized as setting. A total of 205 respondents participated in the study.

Findings

The study finds general support for the importance of brand concept congruency when it comes to feedback-effects, whereas no significant differences between congruent and incongruent extensions are found for attitudes to the extension itself. Brand familiarity is found to be an important moderator on parent brand feedback effects.

Research limitations / implications

Before concluding on the moderating role of brand familiarity in this context, one needs to build a stronger nomological network around this variable. Moreover, the effects observed in this study should be extended and tested for other product categories and preferably also with other methodological approaches.

Originality / value of paper

The study results reemphasize the importance of investigating brand feedback effects when launching category extensions. Also, the research provides new insight into the role of parent brand familiarity when evaluating the potential risks and rewards of conducting brand concept extensions.

Introduction

As brands over time strengthen and reach the fortification stage (Park, Jaworski and MacInnis, 1986), brand extensions have proven to be a highly successful marketing strategy for profiting on the established brand image. Through launching new products under the parent brand, brand managers may gain several advantages: Not only are new products launched effectively and cost-efficiently, but the extended brand product may also help revitalize the parent brand or flagship products (Supphellen, Eismann and Hem, 2004). However, caution should still be taken as several negative effects of brand extensions have been identified. Specifically, negative feedback-effects on the parent brand of launching brand extensions (i.e. brand dilution) have received much attention (Loken and Roedder John, 1993; Gühan-Canli and Maheswaran, 1998; Roedder John, Loken and Joiner, 1998). Given the rich potential of brand extensions to either significantly leverage or dilute brand equity, it is of vital importance to identify under which circumstances brand extensions are fruitful strategies and how brand dilution best can be avoided. In the following, we build on previous research on concept congruency in brand extensions (Park, Milberg and Lawson, 1991; Park, McCarthy and Milberg, 1993) and also investigate potential feedback-effects in congruent and incongruent brand extensions. Brand concept congruency is considered a key determinant of brand extension success. Moreover, we introduce brand familiarity as an important moderator variable for determining parent brand feedback-effects. The level of brand familiarity influences the way consumers' process information about the brand extension. Specifically, we maintain that for low familiarity brands, category-based processing will occur, while for high familiarity brands consumers will engage in more effortful attribute processing. Thus, we argue that familiarity will have an impact on the level of parent brand feedback effects in congruent and incongruent brand concept extensions.

Brand Concepts

The normative framework for Brand Concept Management (BCM) proposed by Park, Jaworski, and MacInnis (1986), has been influential in conceptualizing the sequential process of selecting, implementing and controlling a brand image over time. BCM proposes that every brand should be based on a brand concept or a brand-specific abstract meaning. The authors suggest three broad categories of brand concepts, defined in accordance with basic consumer needs: Functional, symbolic and experiential. A brand with a functional concept is defined as one designed to solve externally generated consumption needs (e.g. solve a problem, resolve a conflict etc.). Symbolic brand concepts pertain to products and brands that fulfil internally generated needs for self-enhancement, group membership or ego-identification. Lastly, brands with an experiential concept primarily serve as fulfilling needs of sensory pleasure, variety or cognitive stimulation. Once a concept is selected for a brand, Park et al (1986) advice that the concept, for the sake of consistency, should be maintained throughout the brand's life. This latter point has not been without controversy and e.g. McEnally and Chernatony (1999) question the premise whether brands always should stick to their initial concept, even when consumer preferences and other external variables may change. By the same token, Bhat and Reddy (1998) voice their concern of whether brands always should be perceived as being *either* functional *or* symbolic. They found the successful brand Nike to be perceived as functional, symbolic *and* experiential among respondents. Moreover, Bhat and Reddy (1998) question Park et al (1986)'s assumption that symbolism and functionality are two ends of one brand concept continuum, that is, that each of these concepts are unidimensional. However, and regardless of the dimensionality of the concepts, later research have confirmed the applicability of using Park et al (1986)'s categorization of brand concepts as being dominantly functional, symbolic or experiential (cf. Campbell and Kent, 2002; Park et al, 1993).

According to the BCM framework, brand concepts must be managed through the three distinct stages of introduction, elaboration and fortification. The primary goal in the last stage, fortification, is to reinforce and strengthen the elaborated brand image by extending its meaning to products outside the initial product class. That is, through utilizing the strategy of brand extensions. Following the BCM framework, different types of "image bundling" should be used for the different concepts in order to reinforce the brand image. For functional concepts, the brand extensions should emphasize the relationship to and communality with other performance-enhancing products. For symbolic concepts, extensions should focus explicitly on linking the brand to other value-expressive products that helps reinforce the symbolic meaning of the brand. In other words: Brands should always be extended within the frames of the same brand concept.

Brand Extensions

Previous research suggests that consumers' evaluation and acceptance of brand extensions is acutely sensitive to the level of perceived fit between the parent brand and the brand extension (Aaker and Keller, 1990; Park et al, 1991: Loken and Roedder John ,1993; Gühan-Canli and Maheswaran, 1998). Fit is usually conceptualized as being a function of salient shared associations between the parent brand and the extension product. Although scholars are unanimous in their assessment of the importance of perceived fit, the concept is defined and measured in a wide array of ways. According to the literature, perceived fit encompasses several dimensions such as similarity, typicality and relatedness (Aaker and Keller, 1990; Boush and Loken, 1991; Gühan-Canli and Maheswaran, 1998). These concepts are, however, strongly intertwined and the conceptual differences between them often appear blurred (Muroma and Saari, 1996). Moreover, Park et al. (1991) argue that the presence or absence of identifiable relationships between the parent brand and potential extensions may not be the

only basis on which consumers judge perceived fit. Citing Murphy and Medin (1985) they maintain that consumers may sometimes have their own theories - other than object-to-object similarity relationships - about why entities belong in the same mental category. Consequently, brand concept similarity needs to be considered along with object/product similarity. Following this line of arguments, Park and his colleges conducted a series of experiments to investigate the role of brand-concept fit in brand extensions (Park et al, 1991; Park et al, 1993; Milberg et al, 1997), finding general support for the importance of concept congruency when introducing the brand in new categories. The findings concerning the importance of object (product) similarity in brand extensions are also relatively coherent, supporting the notion of high predictive strength of product similarity, typicality and relatedness on brand extension success.

Feedback effects

Acceptance of and positive attitudes towards the brand extension is however just one type of proxy of brand extension success. Several authors argue that feedback-effects on the parent brand are equally important (Loken and Roedder John, 1993; Chen and Chen, 2000; Sheinin, 2000; Chang, 2002). Since the majority of revenues usually stem from flagship products and/or line extensions in the parent brand category, one may in fact argue that (category-) extension feedback effects sometimes should be given more weight than the isolated effect of the extension itself. While Supphellen et al (2004) demonstrate how flagship products may be revitalized by successful brand extensions, several authors point to the potential dilution of brand equity that unsuccessful brand extensions might entail (Loken and Roedder John, 1993; Chen and Chen, 2000; Chang, 2002). Moreover, Sheinin (2000) finds that also successful brand extensions may weaken existing beliefs about the parent brand, indicating that even seemingly successful extensions may have negative effects on the brand equity of the parent

brand. Shenin (2000) argues that when consumers associate brands closely with their core product categories, new beliefs stemming from the brand extension may move the brand further from its category and thus cause more negative attitudes.

Brand extension research has generally relied heavily on categorization theory (Anderson, 1983; Barsalou, 1985; Crocker, Fiske and Taylor, 1984) and theories of schema-triggered effects (cf. Fiske and Pavelchak, 1986) for predicting both brand extension acceptance and feedback effects on the parent brand (Loken and Roedder John, 1993; Park et al, 1993; Milberg et al, 1997). The common denominators of these theories are: 1) attitudes and beliefs change in response to brand extensions that vary in terms of congruence with the person's existing category or schema, and 2) that these changes occur via the process of assimilation and accommodation (Park et al, 1993; p.28). Assimilation occurs when the brand extension associations are fairly similar to that of the parent brand. When a high degree of fit exists, the existing schema remains essentially unchanged when incorporating the new instance (Park et al, 1993). Accommodation, on the other hand, occurs when associations to the brand extension are very different from that of the parent brand (i.e. existing schema), thus requiring the cognitive schema to be revised to accommodate the new instance. Weber and Crocker (1983) propose three models to account for the modification of schemas in response to incongruent information; the sub-typing, bookkeeping and conversion model. While the conversion model has received no or only modest support in empirical studies of brand extensions, the sub-typing and book-keeping models have received substantial support (cf. Romeo, 1991; Gürnan-Canlie and Maheswaran, 1998; Supphellen et al, 2004). Thus, we focus on these two latter models. The sub-typing model proposes that extensions that deviate significantly from consumer conceptions of the parent brand will normally be stored in a separate cognitive category. Incongruent extensions will thus have no effect on the parent

brand. Only extensions that deviate to a very small degree will be assimilated into the parent brand category and have an impact on parent brand evaluations. The book-keeping model, on the other hand, suggests that all incongruent extensions will alter perceptions of the parent brand. New information is integrated into the associative network of the parent brand. The higher the level of incongruence, the greater are the changes in evaluations of the parent brand. Several authors have investigated when the sub-typing model will dominate consumer evaluations of brand extensions, and when the book-keeping model will be most prominent (cf. Gürhan-Canli and Maheswaran, 1998; Supphellen et al. 2004). Specifically, findings suggest that sub-typing is more likely to occur when consumers have low motivation to process information about extensions, while book-keeping is more likely to occur in high motivation conditions (Gürhan-Canli and Maheswaran, 1998).

Hypotheses

Prior research on brand extensions within the framework of brand concept management (BCM) suggests that extensions that are congruent with the concept of the parent brand perform better than extensions that are incongruent (Park et al, 1991; Park et al, 1993; Milberg et al, 1997). Following the arguments and findings of Park et al (1991; 1993) on evaluations of congruent vs. incongruent brand concept extensions, we propose the following hypotheses:

H1a: Consumers react more favourably to the extension of a functional brand when the extension product reflects a functional concept than when it reflects a symbolic concept.

H1b: Consumers react more favourably to the extension of a symbolic brand when the extension product reflects a symbolic concept than when it reflects a functional concept.

In addition to the direct effect of brand extensions on consumers evaluation of the extension itself, we previously argued that potential positive (Supphellen et al, 2004) and negative (Loken and Roedder John, 1993; Chen and Chen, 2000; Chang, 2002) feedback effects on the parent brand might be just as important for long-term success. In fact, many brands have only a few flagship products that constitute the majority of brand revenues. If a brand extension is evaluated positively, yet carries over negative attitudes to the parent brand - one is most likely better off not launching the extension at all. In accordance with schema theory we propose that congruent brand concept extensions will follow the process of assimilation for the parent brand, while incongruent extensions will lead to accommodation in the form of book-keeping. Consequently, we propose the following two hypotheses:

H2a: Consumers attitudes to a functional parent brand will be more positive after (versus before) the brand extension when the extension reflects a functional concept (versus a symbolic concept).

H2b: Consumers attitudes to a symbolic parent brand will be more positive after (versus before) the brand extension when the extension reflects a symbolic concept (versus a functional concept).

Gürhan-Canli and Maheswaran (1998) argue that sub-typing is the dominant processing strategy when consumers have low motivation to process information about incongruent brand extensions, while book-keeping is the dominant strategy under high motivation. Following the underpinnings of heuristic-systematic processing theory (Eagly and Chaiken, 1993) and Elaboration Likelihood Model (Petty, Cacioppo and Schumann, 1983) one can

argue that these findings also may be transferred to similar contexts of low/high motivation and low/high involvement. Low motivation to process brand information is often present when the consumer is quite unfamiliar with the brand, while high motivation often is present when the consumer is very familiar with the brand and s/he is highly involved with the brand or the product category (Petty et al, 1983). We argue that for well-known brands, consumers will process information about the brand extension elaborately and piecemeal, consistent with the book-keeping model. This entails that each new piece of information will contribute to schema modification. Conversely, for less-known brands, information processing about the new brand extension will be more category-based. That is, consumers evaluate the typicality of the brand extension and, if the new brand information is atypical, they will resolve this information incongruence by forming a subtype (Gürhan-Canli and Maheswaran, 1998). Less effortful, attribute-based processing will thus occur for less-known brands and, through sub-typing the new information, less (no) negative feedback will be transferred to the parent brand. Consequently, we argue that for incongruent brand concept extensions, book-keeping will occur when brand familiarity is high, and sub-typing when brand familiarity is low. Negative feedback-effects in incongruent brand concept extensions will thus be stronger when brand familiarity is high than low. Thus, we propose the following hypothesis:

H3a: Consumers attitudes to the parent brand after (versus before) an *incongruent* brand-concept extension will be more negative when brand familiarity is high than low.

For congruent brand concept extensions, however, the theories of schema modifications provide us with less guidance. According to Park et al. (1993) congruent brand concept extensions will facilitate assimilation processes and the new instance (i.e. the brand extension) will be integrated into the existing brand schema - leaving it essentially unchanged.

Interestingly, Gürnan-Canlie and Maheswaran (1998) argue that consumer motivation might also moderate the effect of congruent information on parent brand evaluation. When motivation to process information is low, they argue, a smaller number of thoughts are generated and the current schema is maintained. Moreover, citing Gurwitz and Dodge (1977), they maintain that when motivation to process congruent information is high, more extreme evaluations are reported. Highly motivated consumers would scrutinize the extension in greater detail, thus, consistent with the book-keeping model, leading to a change in parent brand evaluation. Elaborate processing of congruent information is thus likely to further polarize the favourable parent brand information.

Less motivated consumers would, because the information is congruent, engage in little processing. We argue that for less familiar brands, consumers are less motivated to process information and less elaboration of the brand information thus actually occurs. Consequently, when brand familiarity is low, congruent brand concept extensions will facilitate category-based processing, and little effort is required for deeming the new instance as typical of the existing schema. No modification of the schema is thus expected. In other words, a more positive feedback effect to the parent brand is expected when consumer motivation to process congruent brand extension information is high versus low. Consequently, this final hypothesis is put forth:

H3b: Consumers attitudes to the parent brand after (versus before) a *congruent* brand-concept extension will be more positive when brand familiarity is high than low.

Methodology and Measures

The primary focus of this research was to investigate effects of brand extensions that are either congruent or incongruent with the concept of the parent brand. We wanted to examine how the brand extensions influenced not only attitudes towards the extension, but also attitudes towards the parent brand, that is, feedback-effects. Moreover, hypotheses regarding the moderating effect of brand familiarity on brand extension feedback-effects were put forth. Real brands were preferred over fictitious brands because brand-specific associations are vital for evaluating the effects of brand extensions (Broniarczyk and Alba, 1994) and because this increases the external validity of the findings. Following in the footsteps of Park, Milberg and Lawson (1991) and Park, McCarthy and Milberg (1993), we decided to focus the category of wristwatches, and apply different existing brands (Rolex and Omega / Pulsar and Timex) as representatives of respectively symbolic- (prestige) and functional brand concepts. Moreover, a ring and a calculator were used to represent symbolic and functional brand concept extensions, respectively. Prior and extensive pre-testing have concluded calculator to be a function-oriented product with high product similarity to Timex and ring to be a symbolic-oriented product with high product similarity with Rolex (cf. Park et al. 1991; Park et al, 1993). Moreover, Rolex and Timex have repeatedly and uniformly been pre-tested as respectively symbolic and functional brand concepts (cf. Park et al.1991; Mittal et al, 1997; Park et al, 1993). Thus, we chose to hold product-similarity fixed, and only focus on the effects of congruent vs. incongruent brand concept extensions. Congruent brand concept extensions were represented by functional-functional and symbolic-symbolic combinations, while incongruent brand concept extensions were framed by combining functional-symbolic and symbolic-functional brand extensions. Moreover, in order to avoid mono-operationalization of brand concepts and for being able to test the moderating effect of brand familiarity, two different symbolic brands (low vs. high familiarity) and two different

functional brands (low vs. high familiarity) were used. In order to identify low and high familiarity brands, local experts (watchmakers) were consulted. For symbolic brands, Omega (low familiarity) was selected in addition to Rolex (high familiarity). Although Omega was considered to have a fairly high distribution in the relevant market, Rolex was deemed far more well-known due to its vast marketing communication efforts and its existing position in the minds of consumers. For functional brands Pulsar (high familiarity) was selected in addition to Timex (low familiarity). The experts' categorization of Timex as a low familiarity brand may appear surprising to some, but the fact was that in this particular market Timex had not had a distributor for several years, and distribution and marketing communication for Timex had been at a minimum for many years prior to that as well. While Casio was deemed as a more familiar functional brand than Pulsar, Casio could not be used in this study due to the fact that it was already a well-known manufacturer of calculators (one of the extension products to be tested). However, to reconfirm and test the level of brand familiarity and type of brand concept, a pre-test was conducted. The respondents (n=253) rated the four brands in terms of brand familiarity (scales adopted from Hirschman, 1986) and type of brand concept. The pre-test revealed Rolex to score significantly higher on familiarity than Omega $(t(1,252)=11.20, p>.01)$ and Pulsar to score significantly higher on familiarity than Timex $(t(1,252)=5.64, p>.01)$.

Furthermore, the pre-test questionnaire contained a verbal description of symbolic and functional brand concepts (Park et al, 1991), and the respondents were asked to categorize the four brands as either symbolic or functional. As expected, respondents almost uniformly categorized Rolex and Omega as symbolic brands (vs. functional brands) and, conversely, Pulsar and Timex were categorized as functional brands (vs. symbolic brands). All differences were highly significant $(p>.01)$.

Consequently, the research design utilized was a 2x2x2 factorial design with parent brand concept (symbolic vs. functional), extension brand concept (symbolic vs. functional) and brand familiarity (low vs. high) as between-subject factors.

The eight different questionnaires were sent to 800 respondents randomly selected from the phone-register of a medium sized Scandinavian city, of which 205 respondents completed and returned the questionnaire. However, 15 questionnaires were rejected due to careless responding (i.e. same score on all questionnaire items) and the final total sample consisted thus of 190 respondents. The number of respondents in each experimental cell ranged from 22 to 27. The questionnaires contained an introductory explanation followed by four questions tapping attitudes towards the parent brand (adopted from Supphellen, Eismann and Hem, 2004). After this, a verbal and visual presentation of the brand extensions were presented, followed by a set of questions related to evaluation of the brand extension (adopted from Park et al, 1991). Lastly, we tapped consumer demographics and attitudes towards the parent brand (four items, adopted from Supphellen et al, 2004) after the respondents had been exposed to the brand extension. All items were measured on a 9-point Likert scale. The measures were all deemed reliable with Cronbachs alphas ranging from 0.84 to 0.94.

Results

Brand extension evaluation

ANOVA analysis were used to test hypotheses H1a and H1b regarding consumer evaluation of congruent vs. incongruent brand concept extensions. The mean scores are displayed in table 1 below.

Table 1: Brand Extension Evaluation (attitude)

Extension	*Mean Score*
Functional-Functional	5,34
Functional-Symbolic	5,24
Symbolic-Symbolic	5,09
Symbolic-Functional	5,10

Hypothesis H1a predicted that consumers would react more favourable to the extension of a functional brand when the extension product reflected a functional concept than when it reflected a symbolic concept. The difference in mean score between evaluation of the functional-functional brand extension and the functional-symbolic extension is not statistically significant ($F(1,91)=.167$, n.s.). Consequently, hypothesis H1a is not supported. By the same token, H1b, is not supported by the data ($F(1,87)=.001$, n.s.). Consequently, we find no differences between brand concept extensions that are congruent vs. incongruent in terms of consumers' subjective evaluation of the brand extension itself.

Feedback effects

Turning to the feedback-effects on the parent brand, hypothesis H2a and H2b predicted that consumer response to the parent brand would be more positive after (versus before) the brand extension when the extension reflected a congruent vs. incongruent brand concept. The mean scores of evaluation of the parent brand prior and after exposure for the brand extension are displayed in table 2 below.

Table 2: Parent brand evaluation (attitude)

Extension	*Pre-evaluation*	*Post-evaluation*
Functional-Functional	5,84	6,28
Functional-Symbolic	6,03	5,27
Symbolic-Symbolic	6,74	7,09
Symbolic-Functional	6,67	6,32

In order to test H2a, H2b, H3a and H3b, GLM repeated measures analysis were conducted (SPSS, 1999). When we have two different measures of the same construct (i.e. attitude towards the parent brand), GLM repeated measures is preferred over conducting ANOVAs for computed difference-scores. This main reason for this is that when conducting multiple ANOVAs, instead of conducting one simultaneous analysis, one inflates the risk of conducting type 1 errors. Hypothesis H2a predicted that consumers attitudes to a functional parent brand would be more positive after (versus before) the brand extension when the extension reflected a functional concept (versus a symbolic concept). As can be seen from table 2, for the functional-functional brand extension combination, the evaluation of the parent brand increases between the pre- and post evaluations. Conversely, for the functional-symbolic combination, the evaluation of the parent brand decreases between the pre- and post evaluation. Hypothesis H2a is thus supported ($F(1,89)=23.49$, $p<.01$). Moreover, a similar pattern is observed for brand extensions of symbolic products where positive feedback effects are observed for congruent brand concept extensions, whereas negative feedback effects are observed for incongruent extensions. Thus, hypothesis H2b is supported as well ($F(1,85)=14.77$, $p<.01$).

Turning to the moderating effect of brand familiarity, hypothesis H3a proposed that consumers attitudes to the parent brand after (versus before) an *incongruent* brand-concept extension would be more negative when brand familiarity was high than low. That is, we anticipated to observe a more negative feedback-effect of incongruent brand-concept

17

extensions when consumers were more familiar with the parent brand. The results support

H3a ($F(1,84)=7.60$, $p<.05$). When consumers' familiarity with the parent brand was low, the

mean score on parent brand attitude fell from 6.20 to 5.95 after having been exposed to the

incongruent brand concept extension. When brand familiarity was high, however, the drop in

parent brand attitudes was more severe; from 6.51 to 5.63.

Significant results were also found for hypothesis H3b ($F(1,90)=3.922$, $p<.05$). That is,

consumers' attitudes to the parent brand after (versus before) the congruent brand-concept

extensions were more positive when brand familiarity was high than low. For the low brand

familiarity condition, parent brand evaluation increased from 6.31 to 6.53 after having been

exposed to the congruent brand extension, while for the high brand familiarity condition, the

evaluation of the parent brand increased from 6.27 to 6.83. Thus, H3b was supported as well.

Discussion and implications

The findings in this study reemphasize the importance of investigating parent brand feedback

effects when launching category extensions. Specifically, we observe both positive and

negative feedback effects of brand congruent vs. -incongruent concept extensions, even when

there are no significant differences in how the brand extensions per se are evaluated. This

entails that a brand extension that seemingly and isolated is performing fine, might still

transfer negative affect and -associations to the parent brand. Brand managers should thus

carefully investigate potential negative feedback-effects before launching a brand extension

that deviates from the concept of the parent brand.

Moreover, this study provides new insight into the role of parent brand familiarity in

evaluating the potential risks of conducting brand concept extensions. Prior studies have

investigated negative effects of brand extensions on flagship products (i.e. well-known brand products) and found flagship products to be fairly robust to dilutions effects (Roedder John, Loken and Joiner, 1988). The fact that more familiar brands appear more vulnerable than unfamiliar brands to brand feedback effects may thus appear counter-intuitive. However, as Roedder John et al (1988) pointed out, the parent brand is, in fact, more vulnerable to feedback-effects than the flagship product. Moreover, as consumers have more strongly held attitudes and associations to brands that are more familiar versus less familiar, one should expect different levels and types of information processing. Specifically, we argue that for less familiar brands, consumers are less motivated to process information and that category-based processing thus will occur. Consequently, for incongruent brand concept extensions, consumers form subtypes and the feedback effects to the parent brand are therefore minimal. Conversely, for highly familiar brands, consumers engage in more effortful and piecemeal processing of the brand extension, thus facilitating book-keeping and polarization processes. As this study reveals, the feedback effect of high familiarity brands will thus be stronger than for less familiar brands. This particular observation is interesting, particularly for brand managers, as it illuminates the risks and rewards of conducting brand concept extension for high familiarity brands. The risks (in the form of possible negative feedback effects) are higher for high-familiarity brands compared to low-familiarity brands, but so are the potential rewards (i.e. positive feedback effects). One should thus be particularly attentive to possible negative feedback effects when launching brand concept extensions to segments where parent brand familiarity is high. This particular advice is of course difficult to manage in practice, as brand extensions - almost per definition - are launched primarily in mature markets with high brand awareness. Nevertheless, brand managers can take certain actions to minimize the risks and maximize the potential rewards of brand concept extensions. First, managers may pre-test the brand extension in laboratory settings where they pay particular attention to potential

negative feedback-effects. Second, if extensive pre-testing is not possible, our findings suggest that launching the extension in markets where brand familiarity is low might be a viable strategy. This because 1) negative feedback effects are less prominent for less familiar brands if the extension indeed should fail, and 2) if the brand extension proves successful in markets with low brand familiarity, it almost certainly will be successful and provide positive feedback-effects in markets where brand familiarity is high.

Limitations and future research

This research validates and extends previous research on brand concept congruency in brand extensions. In line with Park et al. (1993) and others, we find general support for the notion that brands should be extended within the frames of the same brand concept. Moreover, our research also puts renewed focus on positive and negative feedback effects, and on the fact that feedback-effects may exist even when there are no salient effects on the evaluation of the brand extension itself. We also extend the knowledge on brand extensions by introducing brand familiarity as an essential moderator variable when evaluating feedback effects. However, the study has, as most studies have, several shortcomings. First, we apply the same product category as Park et al. (1993). This improves the comparability of our findings, but potentially limits the generalizability of the study results to other product categories. Second, we do not explicitly test the underlying mechanisms explaining the moderating effects of brand familiarity. For instance, we argue that level of brand familiarity correlates strongly with consumer motivation to process brand information and, relying on Gürnan-Canlie and Maheswaran (1998), that this directs consumer information processing activities in certain ways. However, before concluding on the moderating role of brand familiarity in this context, one needs to build a stronger nomological network around this moderator variable and test its relationship with concepts like consumer motivation, -involvement, brand awareness and

brand knowledge. Third, this research was conducted as a pen-and-pencil experiment. Although visual presentations of the brand extensions were included, exposing respondents for real products would have yielded a higher validity and perhaps higher involvement in the study itself. In sum, future studies on this research topic should further investigate the moderating role of brand familiarity and related constructs on brand extension feedback effects, and also test the validity of findings across different product categories and for more real-life settings.

.

References:

Aaker, D. A. and Keller, K. L.(1990). Consumer Evaluations of Brand Extensions. Journal of Marketing, 54, 27-41.

Anderson, J.R. (1983). The Architecture of Cognition, Cambridge, MA: Harvard University Press.

Barsalou, L. (1985). Ideals Central Tendency and Frequency of Instantiation as Determinants of Graded Structure Categories, Journal of Experimental Psychology: Learning, Memory, and Cognition, 12(1), 116-134.

Bhat, S. and Reddy, S.K. (1998). Symbolic and Functional Positioning of Brands, Journal of Consumer Marketing, 25(1), 32-43.

Boush, D.M. and Loken, B. (1991). A Process Tracing Study of Brand Extension Evaluation. Journal of Marketing Research (28), 16-28.

Chang, J.W. (2002). Will a Family Brand Image be Diluted by and Unfavorable Brand Extension? A Brand Trial-Based Approach. In Advances in Consumer Research, 29,

Chen, A.C-H. and Chen, S.K. (2000). Brand Dilution Effects of Extension Failure- A Taiwan Study. Journal of Product and Brand Management, 9(4), 243-253.

Crocker, J., Fiske, S.T. and Taylor, S.E. (1984). Schematic Bases of Belief Change, In J.R. Eiser (ed), Attitudinal Judgment, 197-226, NY: Springer-Verlag.

Eagly, A.H. and Chaiken, S. (1993). The Psychology of Attitudes. Orlando, FL: Hartcourt Brace Jovanovich.

Fiske, S.T. and Pavelchak, M.A. (1986). Category-based versus Piecemal-based Affective Responses: Developments in Schema-triggered Affect. In R.W Sorrentino and E.T Higgins (eds), The Handbook of Motivation and Cognition. Foundations of Social Behavior, 167-203, NY: Guilford.

Gürhan-Canli, Z. and Maheswaran, D. (1998). The Effects of Extensions on Brand Name Dilution and Enhancement. Journal of Marketing Research, Vol. ,464-473.

Hirschman, Elisabeth, C. (1986). The Effect of Verbal and Pictorial Advertising Stimuli on Aesthetic, Utilitarian and Familiarity Perceptions, Journal of Advertising, 15(2), 27-34.

Keller, K.L. and Aaker, D.A. (1992). The Effects of Sequential Introduction of Brand Extensions. Journal of Marketing Research, 29, 35-50.

Loken, B. and Roedder John, D. (1993). Diluting Brand Beliefs: When Do Brand Extensions Have a Negative Impact? Journal of Marketing, 57, 71-84.

McEnally, M.R. and Chernatony, L. (1999). The Evolving Nature of Branding: Consumer and Managerial Considerations, Academy of Marketing Science Review, 2, 1-30.

Milberg, S.J., Park, C.W. and McCarthy, M.S. (1997). Managing Negative Feedback Effects Associated with Brand Extensions: The Impact of Alternative Branding Strategies, Journal of Consumer Psychology, 6(2), 119-40.

Morrin, M. (1999). The Impact of Brand Extensions on Parent Brand Memory Structures and Retrieval Processes. Journal of Marketing Research, 36, 517-535.

Muroma, M. and Saari, H. (1996). Fit as Determinant of Success, in Beràcs, J., Bauer, A. and Simon, J, eds, Marketing for an Expanding Europe, Proceedings of the 25th Annual Conference of the European Marketing Academy, 1959-63.

Murphy, G.L. and Medin, D.L. (1985). The Role of Theories in Conceptual Coherence, Psychological Review, 92, 289-316.

Park, C.W, Jaworski, B.J. and MacInnis D.J. (1986). Strategic Brand Concept-Image Management, Journal of Marketing, 50, 135-145.

Park, C. W., McCarthy, M.S. and Milberg, S.J. (1993). The Effects of Direct and Associative Brand Extension Strategies on Consumer Response to Brand Extensions, in Advances in Consumer Research, Vol.20, McAlister, Leigh and Rothschild, Michael L, eds. Provo, UT: Association for Consumer Research.

Park, C. W., Milberg, S.and Lawson, R. (1991). Evaluation of Brand Extensions: The Role of Product Feature Similarity and Brand Concept Consistency, Journal of Consumer Research, 18, 185-193.

Park, J-W., Kim, K-H. and Kim, J. (2002). Acceptance of Brand Extensions: Interactive Influences of Product Category Similarity, Typicality of Claimed Benefits, and Brand Relationship Quality, in Advances in Consumer Research, Vol.

Petty, R.E, Cacioppo, J.T. and Schumann, D.W. (1983). Central and Peripheral Routes to Advertising Effectiveness: The Moderating Role of Involvement, Journal of Consumer Research, 10, 135-46.

Romeo, J.B. (1991). The Effects of Negative Information on the Evaluation of Brand Extensions and the Family Brand, in Advances in Consumer Research, Vol. 18, Holmann, Rebecca H. and Solomon, Michael R, eds. UT: Association for Consumer Research, 399-406.

Sheinin, D.A (1998). Positioning Brand Extensions: Implications for Beliefs and Attitudes, Journal of Product and Brand Management, 7(2), 137-149.

SPSS (1999). SPSS Advanced Models 9.0. SPSS Inc. Chicago, IL.

Supphellen, M., Eismann, Ø. and Hem, L. (2004). Can Advertisements for Brand Extensions Revitalize Flagship Products? An Experiment. International Journal of Advertising, 23, 173-196.

Weber, R. and Crocker, J.(1983). Cognitive Processes in the Revision of Sterotypic Beliefs, Journal of Personality and Social Psychology, 45, 961-77.