

## A Mind for Brand Extensions

Recent research suggests that consumers' state of mind affects their openness to new products affiliated with existing brands.

How willing are consumers to accept brand extensions that aren't a close fit with the brand's previous products? It depends on the consumers' state of mind, according to three researchers.

Specifically, according to a February 2008 working paper titled *Beyond Survival of the Fittest: The Influence of Consumers' Mindset on Brand Extension Evaluations*, consumers who have an "abstract" state of mind at the time they consider a product might react differently when presented with brand extensions than those with a "concrete" mind-set. What's more, the research indicates, consumers' mind-sets can change. Some prior research has concluded that consumers react less favorably to extensions that are perceived as a poor fit with the existing brand, even when the brand itself is strong. However, the authors of the working paper suggest, consumers whose states of mind are made more concrete might consider brand fit differently from those responding to hypothetical product extensions from an abstract perspective.

Tom Meyvis, associate professor of marketing at New York University's Leonard N. Stern School of Business and one of the authors of the working paper, explains the difference between abstract and concrete mind-sets in a consumer who is thinking about brand extensions: "People make completely different decisions depending on whether they are in an abstract or concrete mind-set. If you are in an abstract mind-set, you focus on theories or lay beliefs. ... What [you] are really answering is not, 'Will I buy this?' but rather, 'Is it a good idea for this brand to do this?' However," Meyvis adds, "The reality is, when you are shopping in a store, you are going to be in a more concrete mind-set. You are not wondering, 'Is it a good

idea for [ice-cream maker] Haagen-Dazs to introduce cottage cheese?' ... Rather, you are figuring out which one to buy. You are relying on concrete benefits, rather than on abstract principles."

Meyvis and his coauthors, Kelly Goldsmith, a doctoral student at the Yale School of Management, and Ravi Dhar, the George



Rogers Clark Professor of Management and Marketing at the Yale School of Management, conducted eight studies to reveal how mind-sets affect potential consumers' evaluations. The researchers placed survey participants in the United States in different mind-sets via several mechanisms, such as by using visual cues and by facilitating comparisons between name-brand and store-brand products.

Even minimal visual information activates a concrete mind-set by making the product more vivid and contextualized. So, in one study, 427 individuals, either students or online participants, evaluated how much they "liked" or "disliked" 16 hypothetical brand extensions, one at a time, in no particular order. The hypo-

thetical brand extensions included facial moisturizers produced under the Crest brand of oral hygiene products as well as under the Wal-Mart store brand and cottage cheeses offered under the Haagen-Dazs brand of "superpremium" frozen desserts and the ShopRite regional supermarket name, along with 12 dummy products. Some of the participants were shown generic pictures of the products — essentially logos on identical sketches of packaging — while others were not. Sure enough, participants who saw the pictures were more likely to prefer the name-brand extensions over the comparable store-brand products than those who did not have the visual cues, suggesting that visual cues made a difference in how consumers ranked potential products.

"Another way [to make mind-sets concrete] is to put it [a product ranking] in context, by having people make choices," says Meyvis. "Obviously, that's what people do as consumers. They make choices." Indeed, the effect was even stronger when a decision context was added. Some of the 324 participants in another study were shown brand extensions as pairs, so they directly compared two products in the same category, while others evaluated each brand extension in isolation. Adding the competitive context made a dramatic difference in preferences. Sixty-four percent of participants viewing product pairs preferred Crest moisturizer over Wal-Mart moisturizer, versus 42% of those viewing the Crest moisturizer in isolation. Furthermore, 83% of those viewing product pairs preferred Haagen-Dazs cottage cheese over ShopRite cottage cheese, compared with just 34% of those viewing the Haagen-Dazs cottage cheese in isolation.

According to the authors, these results suggest that marketers considering brand extensions should take care to create concrete mind-sets among focus groups, because that mind-set is usually closer to the one in which an actual purchase will be made. The research is also optimistic about the opportunities afforded to owners of respected brands. It seems that, when actual purchasing decisions are made, the

quality of the brand is often more important than the presumed fit of the brand extension.

To be sure, the research shows many consumers still prefer the store brands, indicating that brand fit will always matter to some buyers. And the researchers chose hypothetical brand extensions with some logic behind them; Crest facial moisturizer is not as incongruous as, say, a Starbucks

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minivan or a Mercedes latte. "We say, fit matters less," says Meyvis. "But we don't look at crazy extensions."

There also might be limits to how often brand managers can go to the brand-extension well. As Meyvis points out, there could be consequences to launching brand extensions without some thought toward fit: "We say that you can use your strong brand in categories that are more remote than was previously thought. But, of course, there's a possibility that if you do this a lot, you may dilute your brand in the end."

For more information, download the paper at <http://ssrn.com/abstract-1094589> or contact Tom Meyvis at [tmeyvis@stern.nyu.edu](mailto:tmeyvis@stern.nyu.edu).

— Larry Yit