Extending the brand: controllable drivers of feedback effects

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Abstract

Purpose – The purpose of this paper is to understand how companies can leverage brand image through brand extensions without harming their image. It specifically seeks to analyse the influence of three variables: communication policy, brand breadth and extension-brand fit.

Design/methodology/approach – Data were obtained from 599 individuals who took part in an experiment. The proposed hypotheses were tested by means of ANOVA methodology.

Findings – The results show that brand extensions far from the current markets damage the brand associations, although the use of advertising focused on the new product can reduce this negative effect. Moreover, feedback effects are less negative when the brand has not been over-extended in the past.

Research limitations/implications – With the aim of increasing the external validity of results, non-fictitious products and ads should be analysed. Moreover, the conceptual framework does not consider other communication tools like sponsorship or publicity.

Practical implications – The results suggest how to manage the launching of brand extensions in order to protect the extended brand image. It shows what kind of advertising is more appropriate for marketing extensions as well as role of brand breadth and perceived fit.

Originality/value – The paper examines the effect of different strategies in the consumer response toward extended brands. It focuses on variables that can be controlled by companies.

Keywords Brand extensions, Brand image, Advertising, Brand management, Corporate strategy

Paper type Research paper

An executive summary for managers and executive readers can be found at the end of this article.

1. Introduction

Launching new products under the same brand name, which is known as brand extensions, has become a common strategy to leverage the brand equity previously developed (Keller, 2003; Taylor and Bearden, 2003). Nowadays, more than 80 per cent of new products are introduced as extensions (Keller, 2003).

Even though short-time results are favourable, brand extensions may entail negative effects such as the cannibalisation of other products and, what is worse, the brand image dilution (Desai and Hoyer, 1993; John *et al.*, 1998). Thus, extensions could dilute brand image creating new associations or questioning current beliefs (Tauber, 1988; John *et al.*, 1998; Martínez and de Chernatony, 2004).

The purpose of the present work is to examine the potential of communication strategies and brand policies to improve the consumers' attitude to the extended brands. These variables are in the firms' control, contrary to other variables such as consumer's motivation, and have not been sufficiently studied in literature.

As regards communication, we intend to assess the influence of different types of advertisements, centred either on the brand or on the extended product, on brand image. This research line was initiated by Aaker and Keller (1990) and no clear consensus exists today about the most advisable advertising strategy. We will also study the differences that arise from the consumer's assessment of broad brand extensions, offering a portfolio of diverse products, or narrow brand extensions, associated with a very limited offer (Boush and Loken, 1991; DelVecchio, 2000). Finally, we will study how the influence of extensions and advertising strategy may vary depending on the extension's closeness or distance to the brand's products (DelVecchio, 2000; Lane, 2000).

Accordingly, our work is structured as follows: first, the theoretical context and the proposed hypotheses are presented. Second, we explain the methodology used to contrast the hypotheses, continuing with the description of the results obtained. Finally, the conclusions, implications and limitations are drawn.

2. Literature review and hypotheses

2.1 Direct effects of advertising, brand breadth and fit
The consumer attitude towards a brand extension largely depends on the marketing support (Völckner and Sattler, 2006) as well as the levels of the marketing mix variables.

The literature has analysed how the individual's perceptions and attitudes vary when brand extensions are accompanied by advertising information. Adopting an extension evaluation approach, Aaker and Keller (1990), Bridges *et al.* (2000) study two alternative communication strategies: relational strategies and elaboration strategies. The former emphasise some associations of the parent brand and the latter focus on the extension's most representative attributes or benefits, sometimes trying to counteract the negative associations caused by the extension. Likewise, other studies focus on consumer responses towards information that show a different degree of coherence between the extension and the parent brand associations and objectives (Pryor and Brodie, 1998; Martin *et al.*, 2005).

On the whole, we consider that the target public of an advertisement, both extension and brand centred, will perceive a better image of the brand than those who are not exposed to any type of communication. Bridges *et al.* (2000) conclude that these communication strategies positively affect extension-brand perceived fit, and this perception will result in better image (Loken and John, 1993; John *et al.*, 1998). Furthermore, Balachander and Ghose (2003) have proved that the exposure to advertising on the extension results in a preference for the parent brand. Therefore, considering the previous literature we hypothesise:

H1. Exposure to an advertisement improves the image of extended brands.

When consumers receive information about an extension, either congruent or incongruent with their previous expectations, they try to make sense of it all (Grewal *et al.*, 1998). Thus, those advertisements which offer information on the extension will prove to be more useful than brand-centred advertisements when evaluating a new product and the brand behind. In this respect, Aaker and Keller (1990) and Kim (2003) reveal that extension-centred information has a more positive effect on the attitude to the new product or service. Such attitude will also positively influence brand image (Martínez and de Chernatony, 2004; Alexander and Colgate, 2005).

Sheinin (1998) proves that those extensions positioned around the brand may generate stronger brand beliefs than those obtained through other positioning alternatives. Nevertheless, extension-centred advertisements tend to search for coherence with brand image, thus the levels of awareness will be similar (Lange and Dahlén, 2003), avoiding undesired associations. According to Nijssen (1999), advertising and promotional support on the extension may be beneficial to the extended brand's products. On the other hand, some types of brand advertising may diminish the awareness of both the extension and the messages related to the new product. According to the literature commented above, we posit:

H2. Extension-centred advertisements will improve brand image of extended brands more than brand-centred advertisements.

Although the immediate effect of an extension may be the dilution of brand associations, this strategy reinforces the firm's capacity to successfully expand into far categories (DelVecchio, 2000). Nevertheless, whenever an extension is launched, the brand may face new deterioration (Ries and Ries, 1998) and trigger domino effects in situations of failure or crisis of any of the products (Sullivan, 1990; Keller and Aaker, 1992). Ries and Ries (1998) categorically state that

"the best way of destroying a brand is to give its name to everything".

The concepts of brand breadth or brand portfolio refer to the number and variability of the products represented by a brand name (Boush and Loken, 1991; Dacin and Smith, 1994). As both dimensions have an opposite effect on extensions (Dacin and Smith, 1994; DelVecchio, 2000) and it is relatively rare to find extensions with substantial quality discrepancies, in the following lines we will concentrate on the number of products dimension.

Generally, broad brand extensions are preferred to narrow ones (Dacin and Smith, 1994; Sheinin and Schmitt, 1994). As they are present in a higher number of products, broad brands evoke more associations in consumers (Boush and Loken, 1991) and the benefits are more accessible (Meyvis and Janiszewski, 2004). Moreover, the consumer experience with the parent brand increases the expectations about the new products' quality (Kim and Sullivan, 1998).

Regarding the effects on brand image, Keller and Aaker (1992) observe that a previous successful extension not only fosters the attitude to the extension but can also improve the attitude to the extended brand. This may be explained by the fact that consumers perceive the new product as more coherent with the brand (DelVecchio, 2000; Klink and Smith, 2001) and there is a stronger recovery of brand associations (Dacin and Smith, 1994; Dawar, 1996). Therefore, we state:

H3. Brand image of extended brands is more favourable for broad brands than for narrow or non-broad brands.

The last variable to be considered in our study is fit, the main determinant of success in brand extensions (Völckner and Sattler, 2006). This concept refers to the relation between parent brand and extended category, which can be assessed in terms of concrete attributes (Boush and Loken, 1991; Dawar, 1996) o broader associations (Broniarczyk and Alba, 1994; Kim, 2003). In the literature it is regarded as a perceptual variable, since it is the consumer perceived fit and not the "objective" fit that really influences the evaluation of the extension.

When perceived fit is high, the evaluation of the extension is very likely to be based on the parent brand beliefs (Monga and Houston, 2002; Czellar, 2003), which will be regarded as appropriate to infer the quality of the new offer (Ahluwalia and Gürhan-Canli, 2000). Given that such transfer often improves the evaluation of the extension and the attitude to the extended brand, the major concern of management is the fit between the extended category and the brand image or brand products (Nijssen and Agustin, 2005).

The introduction of extensions in related markets is equally a good way of protecting or improving brand image. Most theories studying the effect of extensions on brand image agree that the information transmitted by close extensions produces no significant effects on brand beliefs (Park *et al.*, 1993). However, theories like the "bookkeeping model" suggest that brand image always changes in the light of new information (Loken and John, 1993).

Whether or not the initial beliefs are modified, the effect of extensions appears to be more favourable as the perception of brand-extension fit increases (Milberg *et al.*, 1997; Martínez and de Chernatony, 2004). In a high-perceived fit scenario, consumers will associate the brand quality to the new product and reinforce any pre-existing associations. On the contrary, remote extensions are seen as not very reliable (Dawar, 1996) and they will arouse the consumer rejection, which will be

transferred to the brand image (Loken and John, 1993). Consequently, we posit:

H4. Brand image of extended brands is more favourable when the new product belongs to a category related to the extended brand than when it belongs to a non-related one.

2.2 Moderating effects of fit

When the extended product belongs to a far category, the information provided, either positive or negative, will be more thoroughly considered and weighed up in the evaluation processes (Ahluwalia and Gürhan-Canli, 2000; Martin *et al.*, 2005). Thus, the brand will lose weight as a reference (Aaker and Keller, 1990) and the consumers will try to "assimilate and accommodate" the extension's most relevant characteristics within the brand scheme in a coherent way (Lane, 2000). By studying ocular movements, Stewart *et al.* (2004) have proved that when individuals read information about brand extensions, this reading is more complex for not very related extensions than for similar extensions, which denotes a more demanding process.

In the same line, the supply of commercial information associating brands and extensions will result in improving fit perception and attitude to those extensions not related to the original brand (Chakravarti *et al.*, 1990; Lee, 1995), especially if the individual is exposed to the messages more than once (Lane, 2000). A positive information scenario will also generate fewer negative thoughts (Lane, 2000) and the brand will be reinforced (Klink and Smith, 2001), which, together with the described effects, constitutes convincing reasons to protect image. Martin *et al.* (2005) found that those consumers exposed to commercial messages invest more time to comprehend those extensions that are incoherent with the brand. Thus, these authors reveal that the use of communication is not so necessary if the extension is coherent with the brand, although in not very coherent extensions the messages may increase perceived fit. In a different research field, but with similar results, Samu *et al.* (1999) verify that the exposure to advertisements that emphasise common attributes between two brands (undifferentiated advertising) increases awareness and attitude to not very complementary brands.

We must remember that advertising works no miracles, thus little exposure to communication activities will not prevent brand-related categories from producing a more favourable attitude (Lane, 2000; Martin *et al.*, 2005). Furthermore, Taylor and Bearden (2003) declare their opposition to the exposed arguments, stating that advertising will be fundamentally beneficial to similar extensions, since consumers are sceptical about the less similar ones. In any case, the empirical evidence seems to support our last hypothesis:

H5. Exposure to an advertisement has more favourable effects on brand image of extended brands when the extension belongs to a non-related category than when it belongs to a related one.

3. Methodology

In order to test the hypotheses, we performed a 3 (advertisement type: brand-centred vs extension-centred vs. no advertisement) × 2 (brand type: broad vs non-broad) × 2

(extension type: high fit vs low fit) between subjects factorial experiment.

3.1 Pre-tests

Previously to the main study, two pre-tests were conducted with 61 and 47 undergraduates. The use of students is a common practice both in pre-tests (Kim, 2003; Martin *et al.*, 2005) and experiment conditions (Aaker and Keller, 1990; Lane, 2000).

The purpose of the first pre-test was the selection of two brands, broad and non-broad, in the dairy sector with a high presence at retailers. This sector represents an important percentage of the expenses in Spanish households (Anuario El País, 2004) and its brands are familiar enough to be assessed. By assessing six brands on seven-point Likert scales, results suggested the choice of Pascual and Celta, two very well-known brands ($FAMI_P = 5.77$; $FAMI_C = 4.73$) (1 = not familiar at all/7 = very familiar) with a different product portfolio strategy. Although both brands have a good image ($IMAG_P = 6.03$; $IMAG_C = 4.32$) (1 = very bad image/7 = excellent image), Celta is mainly associated to milk whereas Pascual relates to yoghurts, milk shakes, juices and cereals as well. In any case, individuals think that the quality of Pascual products is quite homogeneous ($HOMO_P = 5.96$) (1 = totally disagree/7 = totally agree).

The second pre-test first aimed at finding two logical extensions having a different "category fit" with the current products (1 = not at all similar/7 = very similar) and "image fit" with the global associations (1 = non-coherent/7 = very coherent) (Bhat and Reddy, 2001; Grime *et al.*, 2002). "Chocolate bars" was selected as the close extension from both the perceived category fit ($CAFI_P = 4.42$; $CAFI_C = 4.48$) and image fit ($IMFI_P = 5.46$; $IMFI_C = 5.22$) viewpoints. As regards far extensions, we selected "bath gel" since perceived fit was significantly lower both for Pascual ($CAFI_P = 1.13$; $IMFI_P = 1.29$; $p < 0.01$) and Celta ($CAFI_C = 1.52$; $IMFI_C = 1.74$; $p < 0.01$).

In this pre-test, two open questions were also utilised to assess the main characteristics or qualities, and the profile of Pascual and Celta consumer. The results showed that individuals associate these brands to quality (96 vs 39.13 per cent) and dairy products (8 vs 17.39 per cent), considering the whole family and health-concerned individuals (20 vs 17.39 per cent) as the target public (16 vs 17.39 per cent). This information was useful for the further creation of ads.

3.2 Study design and procedure

The participants, 599 undergraduates distributed in 12 experiment groups, were randomly given a questionnaire as a treatment of brand, extension and advertising condition (see Table I). In the first part, which was common to all scenarios, individuals had to the assess brand awareness, initial brand image and brand breadth. In the second part, individuals were

Table I Size cells for each experimental group

| | Broad brand | | Narrow brand | |
| | High fit | Low fit | High fit | Low fit |
	n	*n*	*n*	*n*
Brand-centred advertisement	53	48	55	57
Extension-centred advertisement	48	50	52	53
Non-advertisement	46	46	46	45

told that the brand was launching the product X, and, if necessary, they were exposed to a printed ad. All the participants assessed perceived fit (category and image fit), extension attitude and final brand image. In the ad-condition, they were also asked about the message's credibility and the veracity of several statements in order to verify the degree of attention.

Regarding ad treatment, the experiment included eight alternatives in function of the brand (Pascual, Celta), the new product (chocolate bars, bath gel) and the information included in the advertisement (brand focused, extension focused). Such advertisements combined visual elements and text (MacKenzie and Lutz, 1989; Lane, 2000), which was based on the common associations found in the second pre-test. For example, the brand-centred advertisement claimed that Pascual/Celta offers high quality products whereas the extension-centred version indicated that the new product (e.g. shower gel) has a high quality.

Regarding the measurement procedure, seven-point Likert scales were used (see Table II). The only exception was for the number of products associated to each brand, which was assessed through an open question (Boush and Loken, 1991). Three dimensions related to the tangible (functional image), intangible (affective image) and global (reputation) brand

associations allowed us to measure brand image, whereas the remaining factors were unidimensional. Moreover, the suitability of the advertising manipulations was checked by measuring the credibility of the advertisements and attention degree.

4. Results

4.1 Scales validation and manipulation checks

The statistical analysis started with the scale validation by means of exploratory and confirmatory factorial techniques. As a result of these analyses we eliminated FUIM3i, FUIM3f, AWAR1 and CRED1, since they did not meet the third of the convergent validity criteria established by Jöreskog and Sörbom (1993): significant latent item-variable regression coefficients, standard factor loadings over 0.5 and R^2 coefficients over 0.5. As we can see in Table III, all the final scales showed suitable psychometric properties (Hair *et al.*, 1998). Through structural equation modelling, we also found that the dimensions of brand image can be estimated jointly, given that they form a second-order factor. Goodness of fit indexes were thus positive for the initial (AGFI = 0.913; NNFI = 0.971; SRMR = 0.033) and final (AGFI = 0.904; NNFI = 0.970; SRMR = 0.033) brand image.

Table II Scales used in the questionnaires

Scale	Measured concept
Awareness (AWAR) **Yoo *et al.* (2000), Villarejo (2002)**	AWAR1: The brand is familiar AWAR2: The brand is thought to be well-known AWAR3: The brand can be recognized among competitors AWAR4: It is talked about the brand AWAR5: The brand is well-known
Brand image **Martin and Brown (1990), Aaker (1996), Weiss *et al.* (1999)** ...	Functional image (FUIM) (initial/final) FUIM1i/FUIM1f: The products have a high quality FUIM2i/FUIM2f: The products have better characteristics than competitors' FUIM3i/FUIM3f: The products of the competitors are usually cheaper Affective image (AFIM) (initial/final) AFIM1i/AFIM1f: The brand is nice AFIM2i/AFIM2f: The brand has a personality that distinguish itself from competitors' brands AFIM3i/AFIM3f: It's a brand that doesn't disappoint its customers Reputation (REIM) (initial/final) REIM1i/REIM1f: It's one of the best brands in the sector REIM2i/REIM2f: The brand is very consolidated in the market
Credibility (CRED) **MacKenzie and Lutz (1989)**	CRED1: The information is believable CRED2: The information is convincing CRED3: The information is unbiased
Perceived fit **Aaker and Keller (1990), Taylor and Bearden (2002)**	Category fit (CAFI) CAFI1: The extension is similar to the brand's products CAFI2: The firm's resources are helpful to make the product extension Image fit (IMFI) IMFI1: The product extension fits with the brand image IMFI2: Launching the extension is logical for the company IMFI3: Launching the extension is appropriate for the company
Extension attitude (EXAT) **Aaker and Keller (1990), Pryor and Brodie (1998)**	EXAT1: Favorability of the extension EXAT2: Perceived quality of the extension EXAT3: Likelihood of trying the extension

Note: The items used to assess the attention to the advertisements are not included. They do not constitute a scale and differ depending on the experimental treatments

Table III Reliability of the scales

Factor	α Cronbach (>0.7)	CRC (>0.7)	AVE (>0.5)
AWAR	0.851	0.851	0.589
FUIM (i)	0.786	0.786	0.647
FUIM (f)	0.771	0.771	0.627
AFIM (i)	0.750	0.754	0.506
AFIM (f)	0.803	0.806	0.581
REIM (i)	0.807	0.814	0.688
REIM (f)	0.826	0.828	0.708
CRED	0.846	0.848	0.736
CAFI	0.810	0.809	0.679
IMFI	0.937	0.939	0.838
EXAT	0.803	0.809	0.586

Notes: CRC: Composite reliability coefficient; EVA: Extracted variance analysis

Finally, we verified the suitability of the experiment conditions. As regards brand breadth, we found clear differences between brands ($\chi^2 = 379.402$; $p = 0.000$), associating Celta to one product and Pascual to four products. Previously, both brands showed enough awareness ($AWAR_P = 6.50$; $AWAR_C = 5.59$), although Pascual presented higher awareness and recognition ($Z = -10.842$; $p = 0.000$). Moreover, we confirmed some differences between the category fit ($CAFI_1 = 4.85$; $CAFI_2 = 2.31$; $Z = -18.05$; $p < 0.01$) and the image fit ($IMFI_1 = 5.17$; $IMFI_2 = 2.47$; $Z = -18.66$; $p < 0.01$) of the extensions. No differences were found in the credibility of the advertisements for each brand ($CRED_P = 4.16$; $CRED_C = 3.95$; $Z = -1.58$; $p = 0.11$), as expected.

4.2 Contrast of hypotheses

After examining the requirements of the technique, we conducted an ANOVA to contrast the hypotheses. Having found differences between the experiment groups in terms of initial brand image ($F = 23.971$; $p = 0.000$), we decided to use brand image variation (IMAV = final image – initial image) as a dependant variable.

H1 suggested that the use of advertisements when introducing extensions helps to improve brand image. According to *H2*, those ads which are centred on the new product should be more effective to reinforce the attitude to the extended brand.

As expected, we found that the advertising treatment has a clearly significant influence on brand image variation ($F = 5.933$; $p = 0.003$). In Figure 1 we observe that image dilution is lower when we use brand-centred (IMAV = −0.05) or extension-centred advertisements (IMAV = −0.02) than when there is no communication stimulus (IMAV = −0.26).

In order to know the significant differences among the advertisement factor levels, we conducted a post-hoc test following Games-Howell procedure. Such test detected differences between those groups exposed to a brand-centred ($p = 0.041$) or an extension-centred ($p = 0.008$) advertisement and non-exposed groups, which confirms *H1*. As stated in *H2*, the information about the extension entails a lower variation in the image (IMAV = −0.02) than the information about the brand (IMAV = −0.05). However, the effect of the specific type of advertisement is not significant ($p = 0.859$), which invalidates *H2*. All in all, extension-centred advertisements appear to be particularly useful to protect brand image, although other type of ads which are coherent with brand image will be equally positive.

H3 maintained that, concerning brands associated to few products, broad brands produce a better image after the introduction of the new product. Although the type of brand had a significant effect on brand image variation ($F = 11.859$; $p = 0.001$), Table IV indicates that the narrow brand (Celta) is more benefited. Contrary to our expectations, a remarkable deterioration ($IMAV_P = -0.22$) occurs for Pascual, whereas Celta is more resistant to dilution ($IMAV_C = 0.00$). Being a specialised brand, Celta could be more easily associated to non-ambiguous concepts that clearly differentiate the offer than Pascual (Kardes and Allen, 1991). In conclusion, we reject *H3*.

As stated in *H4*, those extensions in categories related to the firm's current activity should have a more positive effect on brand image than those in remote markets. The results obtained corroborate a significant effect of fit in this line ($F = 83.412$; $p = 0.000$). As displayed in Table V, the chocolate bar extension entails a better brand image ($IMAV_1 = 0.17$) than the shower gel extension ($IMAV_2 = -0.38$), which validates *H4*.

Table IV Effect of the brand type (brand breadth)

	Initial image		Final image		IMAV	
	Mean	SD	Mean	SD	Mean	SD
Pascual	5.16	0.86	4.94	0.98	−0.22	0.79
Celta	3.97	1.05	3.97	1.09	0.00	0.80

Figure 1 Effect of the advertisement type
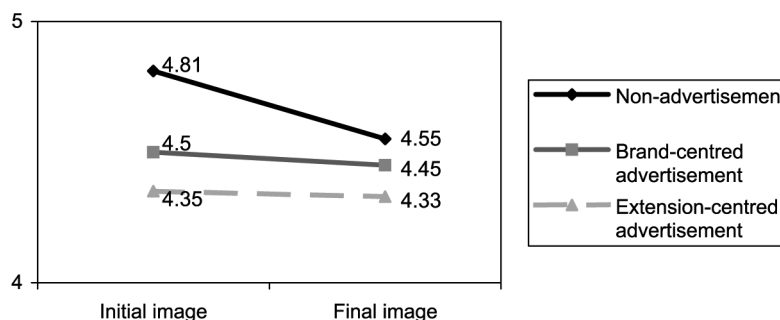
Table V Effect of the extension type (perceived fit)

| | Initial image | | Final image | | IMAV | |
	Mean	SD	Mean	SD	Mean	SD
Chocolate bar	4.58	1.15	4.75	1.07	0.17	0.58
Shower gel	4.51	1.11	4.13	1.14	−0.38	0.90

We must point out that the effect of extensions on brand image seems to be completely opposite depending on the type of fit. In all the groups which were offered the chocolate bar extension, the final brand image exceeded the initial image, whereas the opposite occurred for the shower gel extension. On the whole, the difference between final and initial image is significant for the chocolate bar extension ($t = -4.975$; $p = 0.000$) and the shower gel one ($t = 7.224$; $p = 0.000$) respectively.

The last analysis studied the interaction effect between advertisement and fit treatments, as expressed in *H5*. According to this hypothesis, the use of advertisements will have more favourable effects on the brand when perceived fit is reduced.

The interaction between the type of communication and fit proved to be significant at 90 per cent ($F = 2.618$; $p = 0.074$). As regards the chocolate bar extension (Figure 2), we observe that image improvement is lower when there is no communication ($IMAV_1 = 0.09$) than when brand-centred ($IMAV_1 = 0.22$) or extension-centred ($IMAV_1 = 0.18$) information is used. Regarding the shower gel extension (Figure 3), a deterioration of brand image occurs in all the communication scenarios, although such deterioration is lower when brand-centred ($IMAV_2 = -0.34$) or extension-centred ($IMAV_2 = -0.20$) advertisements are used than when there is no advertising ($IMAV_2 = -0.62$). As

H5 suggests, the differences according to the type of advertisement appear to be more pronounced for the remote extension.

In order to have a better comprehension of the moderating role of the extension type, we conducted two new ANOVAs, distinguishing between the experiment groups that assessed chocolate bar and shower gel extensions. Although the use of advertising is favourable for brand image in both groups (see Figures 2 and 3), communication had no significant effect in high fit groups ($F_1 = 1.227$; $p = 0.295$). Despite the significant differences appreciated in the shower gel groups ($F_2 = 5.675$; $p = 0.004$), Games-Howell test indicates that image variation only differs between non-advertisement and extension-centred advertisement ($p = 0.005$). Far extensions only are more benefited by advertising than close extensions when the advertisements are centred on the new product. Therefore, *H5* can be partially validated.

5. Discussion and managerial implications

The present work has explained the influence of brand extensions on the extended brand image according to communication policy, brand breadth (the degree of association to different products) and extension-brand fit. By managing these variables, companies can avoid brand equity exhaustion due to over-extension.

In coherence with the cited works, we found that brand image improves when the firm resorts to advertising (*H1*). Although the estimated coefficient proved to be non-significant, the overall results of our experiment suggest that the use of extension-centred rather than brand-centred advertising is more advisable (*H2*). As well as reinforcing consumer beliefs, these actions may lead to buy other products associated to the brand. Balachander and Ghose (2003) verified that extension advertising may increase the

Figure 2 Effect of the advertisement type (chocolate bar)
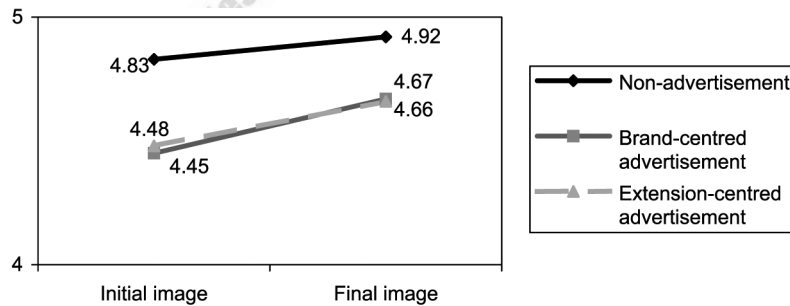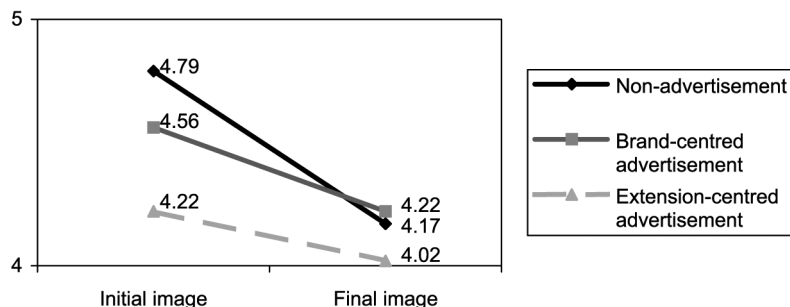

Figure 3 Effect of the advertisement type (shower gel)

preference for the parent brand, although the impact of brand advertising is less obvious for the acceptance of the extension.

Contrary to *H3*, we found that brand extensions have a more negative effect on the broad brand (Pascual) than on the narrow one (Celta). In accordance with Kardes and Allen (1991), the negative effects of extensions on the parent brand will be higher for umbrella brands that market different products. According to these authors, broad brands run the risk of being perceived as brands that are not clearly associated to a specific market, deteriorating their image with new launches. Meyvis and Janiszewski (2004) state that the variety of previous extensions produces a more diffuse brand image, but entails a higher acceptance of the extensions. Thus, brand breadth may have a positive effect on perceived quality and purchase intention of the new product, but it can be detrimental to brand image.

The contrast of *H4* revealed that image dilution was remarkable for those extensions that are not very related to the brand, whereas related extensions can improve that image. Therefore, firms have to strive to reach some coherence with brand image in their different markets.

Finally, the use of advertisements proved to be especially positive when the firm attempts to introduce a product that is scarcely related to their current market (*H5*). Consequently, communication policy for brand extensions may make not very relevant fit associations more perceptible for individuals (Chakravarti *et al.*, 1990), associating the new product to the brand. The results indicate that this favourable effect will only occur when using extension-centred advertisements, having a deeper impact on brand image than brand-centred advertising. The results also reveal that, providing fit is high, the use of advertising could be unnecessary. In this situation, it will be preferable to allocate the resources to other activities.

In future work, it would be interesting to confirm the supported relationships with real advertisements. Moreover, further studies may consider brand equity after the extension as an explanatory variable. Brand equity is not only formed by brand image but also by elements like brand awareness and brand loyalty (Aaker, 1996). As a holistic element, this construct can be more resistant to the extension information than its parts.

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Executive summary and implications for managers and executives

This summary has been provided to allow managers and executives a rapid appreciation of the content of the article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present.

Many organisations launch brand extensions as an attempt to further exploit their reputation and market status. Research has indicated that over 80 per cent of new products fall into the extension category. However, many analysts have noted that brand extensions can create "new associations" that may result in a challenge to existing perceptions. Such developments can negatively impact on performance of other products in the portfolio or even the brand image itself. In view of these concerns, marketers may need to reconsider their communication strategies in order to positively influence consumer perception of both current and extended brand. It would appear though that firm consensus about suitable advertising strategies does not exist at present.

Brand extensions: some issues to consider

Advertising information typically emphasizes attributes, qualities or benefits linked either to the parent brand or brand extension. Some marketers deliberately focus on the parent brand as a means to address any negative associations that the extension generates. Belief exists in certain quarters that exposure to brand or extension-focused communication helps improve consumer perception of brand image and fit between parent brand and extension. In contrast, those who are not exposed to advertising may not respond likewise.

Nevertheless, certain studies have revealed that extension-centred advertisements may have a more potent effect than those relating to the parent brand. Such an approach can positively impact on attitude to both the new offering and the image of the brand overall. This effect is thought likelier when extensions are positioned closer to the brand and can be portrayed in advertisements as being more coherent with the brand's image.

Scepticism about extending a brand continues to prevail. Each new extension to broaden the portfolio has the potential to dilute the brand further and increase its vulnerability as a result. On the other hand, the practice is an essential part of any firm's ambition to expand into unrelated categories. Another argument is that broad brand extensions are more preferable to narrow ones. The premise here is that consumers generate more associations with the brand when the product range is wider. Furthermore, it is maintained that experience with the parent brand means that consumers hold prior expectations about the quality of future offerings. Brand image can likewise benefit if the brand has a track record of successful brand extensions. The implication in such

circumstances is that consumers may almost automatically perceive new products as being consistent with the parent brand.

How much fit an extension provides with the parent brand is also recognized as significant. The concept is measured through both "concrete attributes" and "broader associations" that importantly reflect consumer perceptions rather than any objective state. Marketers recognize the importance when perceived fit is high. In such circumstances, consumers access current beliefs about the brand in order to evaluate the extension.

Some scholars contend that new information serves to change perceptions of brand image, while others are of the opinion that information conveyed by "close extensions" results in "no significant effects on brand beliefs". Given that scenario, another way of preserving a current evaluation of brand image may be through the launch of brand extensions within closely related markets where fit is higher. By the same token, there is a possibility of "remote extensions" being treated with suspicion by the consumer and the danger that these doubts may also negatively impact on brand image perceptions.

Lack of fit can lower the parent brand's influence. Faced with a seemingly unrelated product, consumers will typically evaluate an extension on the basis of any positive or negative information provided instead of making a judgment based on prior knowledge of the brand. According to certain analysts, organizations should convey information and reinforce the marketing message in order to improve consumer perception of fit. Similar research has shown that consumer attitude and awareness to "not very complimentary brands" can be enhanced through promotional material that emphasizes features shared by the respective brands. And while such studies likewise suggest that communication is unnecessary when fit is high, others adopt the opposite view. The argument here is that consumer cynicism exists when fit is poor and it is therefore only beneficial to use advertisements for extensions close to the parent brand.

Study and results

Various hypotheses based on the above factors were explored in a study conducted with 599 undergraduates. Pascual and Celta were the brands chosen for investigation because of their familiarity within Spanish households. Pascual is associated with milk shakes, juices, yoghurts, and cereals, while Celta is related to milk. Chocolate bars and bath gel were respectively selected as close and distant extensions for each brand.

Respondent awareness and perception of the brands was assessed. Following this, the undergraduates were organized into experimental groups and provided with one of eight scenarios combining a brand and product extension with either a brand-oriented or an extension oriented advertisement. Participants considered perceived fit of the extension, their attitude towards the extension, and whether this impacted on their existing image of the brand.

The findings indicated that:
- both brand-centred and extension-centred advertisements positively impact on perceived brand image more than when no advertising is used;
- extension-centred advertising did not improve perception of the extension significantly more than advertisements focusing on the brand;

- brand extensions diluted the image of the broader Pascual brand more than the image of Celta, its narrower counterpart;
- the high-fit chocolate bar extension had a more positive impact on brand image than the low-fit bath gel extension; and
- the impact of different communication types varied depending on whether a close or remote fit was perceived and whether advertising related to the new extension or brand.

Recommendations for marketing and future research

Montaner and Pina noted that advertising could help enhance brand image perceptions for both the chocolate bar and bath gel extensions. However, they conclude that the effect of communication was not really significant for respondent groups involved in the high-fit scenario. Since advertising when a high-fit situation prevails may therefore be superfluous, it is suggested that resources could perhaps be more effectively deployed elsewhere.

Brand image is seemingly more vulnerable when fit between brand and extension is low but can benefit in high-fit conditions. The authors therefore urge marketers to aim for "some coherence with brand image" with all product launches in their respective markets.

Earlier research suggested that the image of broad brands could suffer with each extension because of a perception that they do not belong to a particular category. Current findings echo these sentiments. But even though a broad brand may harm brand image, it is recognized that consumer perception of product quality may be favourable and lead therefore to positive purchase intention.

Future studies could use real advertisements and perhaps investigate whether an extension subsequently impacts on other brand equity elements like brand awareness and brand loyalty.

(A précis of the article "Extending the brand: controllable drivers of feedback effects". Supplied by Marketing Consultants for Emerald.)

Fonte: Journal of Product & Brand Management, v.18, n. 6, p. 394 - 403, 2009. [Base de Dados]. Disponível em: http://www.emeraldinsight.com. Acesso em: 3 fev. 2010.