

Advertising for Extensions with Moderate Quality and/or Fit: Get the Right Focus

*Nathalie Dens**, University of Antwerp, nathalie.dens@ua.ac.be

Patrick De Pelsmacker, University of Antwerp, patrick.depelsmacker@ua.ac.be

Abstract

This paper investigates the moderating role of advertising focus (brand focus, extension focus) on the effect of product category fit and parent brand quality for consumer responses to extensions. In addition, we study the shift in parent brand attitude. Product category fit positively affects advertising attitude, credibility and extension attitude. Advertising focus moderates the effects of fit on advertising response and extension attitude, in that an advertising focus on the extension mitigates the negative effects of lower perceived fit. The three-way interaction showed this effect was significant for a high quality, but not a moderate quality brand. Consistent with the bookkeeping model, poorly fitting extensions weaken parent brand attitude with an extension focus, but not with a brand focus ad.

Keywords: Advertising, Positioning, Attitude, Branding

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Introduction

The vast majority of new products launched are some form of extension of established brands. The most important factors influencing extension evaluation are the perceived quality of the parent brand, the perceived similarity or fit between the parent brand and the new extension, and advertising support (Bottomley and Holden, 2001; Martínez, Montaner and Pina, 2009). Advertising communication strategies for extensions can increase perceived fit and, consequently, consumer acceptance (e.g., Bridges, Keller and Sood, 2000; Martin, Stewart and Matta, 2005). Aaker and Keller (1990) and Bridges, Keller and Sood (2000) suggest two general strategies, which we test in this study. One approach is to provide a cue to consumers on the quality or other associations of the original brand, so that positive aspects of the brand will be more salient. A second approach is to elaborate on attributes of the extension itself to inhibit the inference of any potentially negative beliefs. Few studies have researched the moderating role of different advertising strategies on extension acceptance and parent brand feedback effects (Bridges, Keller and Sood, 2000; Lee and O'Connor, 2003). The main contribution is that we investigate the moderating impact of advertising focus (i.e. on the parent brand versus on the extension) on consumer responses to the advertisement, the advertised extension and resulting parent brand feedback effects, for extensions varying in parent brand quality and product category fit. As such, we build on the seminal work of Park et al. (1991) on the importance of fit by adding the moderating effects of advertising strategy and parent brand quality. In addition, we extend the findings of Bridges et al. (2000) by using real brand names (rather than the fictitious "Brand 1"), and explicitly studying advertisement and extension attitude as the outcome variables (as opposed to perceived fit).

Literature Review and Hypotheses

In general, the evaluation of an extension in terms of attitude will be more negative as perceived closeness or fit with the parent brand decreases (Aaker and Keller, 1990; Völckner and Sattler, 2006). This effect can be explained by categorization theory (Fiske and Pavelchak, 1986; Park, Kim and Kim, 2002).

We expect that evaluations of poorly fitting extensions will only be more negative than those of closely fitting extensions in case of a parent brand advertising focus. Advertisements providing a strong brand cue will reinforce categorization and affect-transfer effects (Sheinin, 1998). If the brand concept is congruent with the extension, a brand focus advertisement should reinforce positive attitudes, because consumers will be reminded of the shared image of the extension and the brand (Bridges, Keller and Sood, 2000). However, if the fit between the new extension and the parent brand is low, advertising messages that focus on congruency with the brand are unlikely to compensate for products that are obviously not congruent (Martin, Stewart and Matta, 2005). Because no specific extension information is provided and the brand is made highly accessible, the perceived fit between the brand and extension would be expected to determine many inferences made about the product (Klink and Smith, 2001). On the other hand, an advertising focus on the extension characteristics may compensate for the lack of fit between the extension and the parent brand. Based on categorization theory

(Fiske and Pavelchak, 1986), when the fit between an extension and the parent brand is low, consumers will base their evaluation of the extension more on core attributes and benefits of the extension (de Ruyter and Wetzels, 2000). An advertisement focusing on extension characteristics will make positive associations of the extension with the extension product category salient and offset potentially negative inferences, leading to more positive extension evaluations (Bridges, Keller and Sood, 2000; Chen and Liu, 2004). Therefore, an ad focusing on positive extension attributes may benefit extension evaluation in a mismatching product category, to the extent that the degree of fit becomes irrelevant.

H1. *When an extension is advertised through a brand focus advertisement, a high-fitting extension leads to a more positive influence on attitude toward the extension ad (Aad), advertising credibility (Cred) and attitude toward the extension (Aext) than a low-fitting extension. When an extension is advertised through an extension focus advertisement, there is no difference in Aad, Cred and Aext between high- or low-fitting extensions.*

Perceived fit is also one of the most important factors influencing the image of the parent brand after an extension (Dens and De Pelsmacker, 2008; Martínez, Polo and de Chernatony, 2008). The bookkeeping model (Queller and Smith, 2002) of schema modification suggests that beliefs change incrementally as new information is received. For well-known brands – as the ones in our studies, the effect of brand focus advertising will be limited, since the advertisement merely highlights the already familiar brand. Whether the extension fits highly with the parent brand or not, brand focus advertising milks the brand's familiar reputation without adding any information that is particularly useful. Little or no feedback effects should occur under this condition (Milberg, Park and McCarthy, 1997).

On the other hand, the bookkeeping model predicts a higher schema modification when the new information is more different from the existing brand schema (Gürhan-Canli and Maheswaran, 1998). Therefore, differences between better or worse fitting extensions on parent brand evaluations should be greater with an extension focus advertisement. An advertisement with a clear extension focus will be considered by consumers as new information, adding associations and affects from new product categories. As such, new beliefs and affects are added (bookkeeping) to the brand's existing association network, resulting in a greater impact on attitude toward the parent brand (Milberg, Park and McCarthy, 1997). Parent brand attitudes will be negatively affected when the highlighted extension attributes are inconsistent with the original brand image (Milberg, Park and McCarthy, 1997). If the extension fits well with the parent brand, the extension may even convert the brand meaning to a broader one (Boush, 1993). We expect:

H2. *When an extension is advertised through an extension focus advertisement, a high-fitting extension result in a more positive effect on attitude toward the parent brand (Apb) than a low-fitting extension. When an extension is advertised through a brand focus advertisement, there is no differential effect on Apb between high- or low-fitting extensions.*

Together with fit, perceived parent brand quality is found to be one of the most important influences to extension evaluation. Some studies even show that quality and fit reinforce each other (e.g., Patro and Jaiswal, 2003). We expect parent brand quality will further moderate the relationship described in H1. With high quality brand names, it is reasonable to assume that quality associations are salient to consumers. Therefore, for a distant extension, if the advertisement is able to solve potential question marks with respect to the new extension by highlighting its benefits in the new category, the high quality brand name may further leverage the new product. With moderate quality brands, affect transfer may not be as positive

for a low fitting extension, even with an extension focus ad, because consumers do not expect the brand to offer high quality products in general.

H3. Extension focus advertisements mitigate the effect of extension fit more for high quality than for low quality brands.

Research Method

A 2 (product category fit: low, high) x 2 (parent brand quality: moderate, high) x 2 (advertising focus: parent brand, extension) full-factorial, between-subjects design was set up. Two laundry detergent brands differing significantly in parent brand quality (moderate quality, Bonux – high quality, Dash) were proposed as offering a hypothetical new extension which fit either very well (fabric softener) or relatively less well (steam iron) with the original product category. Both the test brands (n = 37) and the extension product categories (n = 35) were pretested. For each possible brand-extension combination, two advertisements were created differing in their focus on the parent brand or on the extension.

For the main experiment, we recruited a sample of 244 respondents from a consumer panel through use of an online survey (66.8% women, 22-65 years (average age = 45), 49.8% higher educated, 81% main person responsible for the purchases in their households). All constructs were measured on multi-item, seven – point semantic differential scales. We first measured pre-exposure parent brand attitude (A_{pb}) (good, positive, superior product, $\alpha = .970$). After seeing one of the test advertisements, they responded to measures of attitude toward the advertisement (A_{ad}) (good, like, positive, $\alpha = .936$), advertising credibility (Cred) (credible, convincing, not skeptical, $\alpha = .970$), attitude toward the extension (A_{ext}) (good, positive, like, $\alpha = .968$), and post-exposure attitude toward the parent brand (A_{pb}) (positive, good, superior product, $\alpha = .950$).

In addition to the main experiment, we recruited a control group of 131 respondents from the same consumer panel to complete the manipulation check measures. This was done to avoid unduly overestimated effects due to a pre-measure of quality and fit. Chi² tests showed that the sample characteristics did not differ significantly between the main sample and the control group (64.1% women, aged 20-64 (average age = 45), 42% higher educated, 84% responsible for purchase) ($p > .439$). Respondents in the control group rated the perceived parent brand quality (high quality, superior product, very likely to try, $\alpha = .913$) and perceived fit (good fit, logical, appropriate, $\alpha = .987$) of the proposed extensions. They were then told that the company was considering two different advertisements. They rated both ads (brand focus and extension focus) on a four-item Likert scale (e.g., This advertisement stresses the general mark of the brand, and not so much the new product being introduced, $\alpha = .754$). They were then shown both advertisements together and explicitly asked which of the two most strongly focused on the extension as opposed to the parent brand.

Results

Manipulation checks in the control group show that perceived brand quality was significantly higher for the “high quality” brand, Dash (M = 5.44) than for the “moderate quality” brand, Bonux (M = 4.31) ($p < .001$). The perceived fit of the “low fit” extension, the steam iron (M = 3.31), was significantly lower than that of the “high fit” extension, fabric softener (M = 4.98) ($p < .001$). The brand focus advertisement (M = 4.95) was perceived as stressing the brand significantly more than the extension focus ad (M = 3.30) ($p < .001$). When asked which ad focused on the extension, 96.1% of the respondents correctly identified the extension ad.

The hypotheses were tested through a 2 x 2 x 2 MANOVA with Aad, Adcred, Aext and Apbdiff (difference between the post-extension and pre-extension parent brand attitude) as the dependent variables. The MANOVA showed a multivariate significant effect of product category fit ($p < .001$), a significant fit x advertising focus interaction ($p = .007$), and a marginally significant three-way interaction ($p = .076$). Univariate results are reported below (Table 1).

Table 1: Consumer response to extension advertisement – Mean scores per condition

Advertising focus	Brand focus				Extension focus			
	Moderate quality		High quality		Moderate quality		High quality	
Brand quality	Low	High	Low	High	Low	High	Low	High
Product category fit	Low	High	Low	High	Low	High	Low	High
<i>n</i>	(30)	(31)	(29)	(31)	(30)	(31)	(30)	(31)
Aad	3.61	4.25	3.53	4.45	3.80	4.60	4.29	4.25
Adcred	3.30	4.18	3.01	4.33	3.64	4.39	4.20	4.03
Aext	3.60	4.13	3.18	4.61	3.67	4.60	4.12	4.15
Apb (post – pre)	-.144	-.258	-.289	-.473	-.322	.140	-.478	-.312

Consistent with previous research, the main effect of product category fit was highly significant on Aad ($p = .002$), Cred ($p < .001$) and attitude toward the extension (Aext) ($p < .001$). The well-fitting extension received significantly more positive evaluations than the poorly fitting extension. The anticipated product category fit x ad focus interaction was significant for Cred ($p = .027$). A poorly fitting extension ($M = 3.15$) was perceived as significantly less credible than a highly fitting extension ($M = 3.92$) when the ad focused on the brand ($p < .001$). There was no difference in credibility between a better or worse fitting extension with an ad focusing on the extension itself ($p = .268$). Although the interaction effects on Aad ($p = .295$) and Aext ($p = .135$) failed to reach conventional levels of significance, simple effects and post hoc tests showed the same significant pattern as for Cred. Hence, H1 is supported.

In terms of Apbdiff, the ANOVA showed no significant main effect of product category fit ($p = .497$). The anticipated fit x ad focus interaction, however, was marginally significant ($p = .058$). Simple effect tests show that, as expected, an extension focus advertisement for a poorly fitting extension damages parent brand attitude ($M = -.400$) more significantly than an extension focus advertisement for a better fitting extension ($M = -.086$, $p = .069$). With a brand focus advertisement, there were no differences in parent brand attitude change between the better or worse fitting extension ($p = .388$). This supports H2.

The MANOVA also showed a marginally significant three-way interaction effect, which was univariately significant for Aext ($p = .007$) and marginally significant on Adcred ($F_{(1, 236)} = 3.502$, $p = .063$). Simple effects tests for Aad showed the same marginally significant pattern. In terms of Aad, Adcred and Aext, poorly fitting extensions were evaluated more negatively with a brand focus, regardless of the level of parent brand quality ($p < .076$). With an extension focus advertisement, additional parent brand quality differences emerged. Extension focus ads erased the effects of fit only when the parent brand was of high perceived quality ($p > .630$). For the moderate quality brand, the positive effect of fit remained significant, even with an extension focus advertisement ($p < .041$). This supports H3. The three-way interaction on shift in parent brand attitude was highly non-significant.

Discussion, Conclusion, and Suggestions for Further Research

The results of this study extend earlier findings (e.g., Park, Milberg and Lawson, 1991; Völckner and Sattler, 2006) that fit positively affects extension evaluation in terms of advertising attitude, credibility and extension attitude. Advertising focus moderates the results of product category fit on advertising response and extension attitude in that a focus on the extension mitigates the negative effects of lower fit. This is in line with categorization theory and in line with earlier findings that extension-related information reduces the influence of perceived fit (Dens and De Pelsmacker, 2008; McCarthy, Heath and Milberg, 2001). Our findings also extend the result of Bridges et al. (2000) that a highly fitting extension is most effectively communicated with a brand focus, compared explicitly to an extension-focus ad rather than a no-ad baseline, and with extension attitude as the outcome variable.

When we consider the shift in parent brand attitude, we see the most positive effect with an extension focus ad for a well-fitting extension. This is in line with the bookkeeping model of schema modification. Also consistent with the bookkeeping model, is that a poorly fitting extension significantly dilutes the parent brand when the advertisement focuses on attributes of the extension. This will increase the salience of these attributes, which may be especially incongruent with the parent brand. An advertising focus on the parent brand, on the other hand, produces little differential feedback effects between better or worse fitting extensions. The three-way interaction showed that extension focus advertisements managed to mitigate the negative effect of bad fit only for a high quality parent brand, but not for a brand of moderate quality. When high quality brand names try to launch far extensions merely by “milking” the famous brand name in a brand focus ad, without further elaborating on the extension, this will negatively reflect upon consumers’ evaluation of the extension. They may be more skeptical that the brand is trying to make undue use of its reputation by offering a product that may not provide any real benefits or live up to its expectations. Adding positive extension information, in combination with positive brand associations in consumers’ memory, will induce positive extension evaluation effects. With a moderate quality brand, the brand name may be insufficient to leverage low fit extensions, regardless of the advertising focus. This complex interaction and its underlying processes need to be further researched. In sum, these results suggest that the “best” advertising strategy is a function of the specific extension situation (brand-extension match or not), and of the main objective the advertisement wishes to achieve. If the goal is – as with most extension advertisements – to induce positive communication effects for the extension, then a well-fitting extension benefits most from a positioning close to the parent brand, whereas a poorly fitting extension is better advertised with its own attributes and features, especially if the parent brand quality is high. However, one should keep in mind that the latter situation may most strongly dilute the parent brand attitude in general, as it will link incongruent extension associations with the brand schema. In our study, this resulted in a significant decrease in parent brand attitude. A well-fitting extension in combination with an extension focus ad seems like a potential way to build brand equity especially for moderate quality brands.

Although launched by well-established brands, the tested extensions were fictitious. Actual experience with an extension might limit advertising effectiveness for extension evaluation and at the same time induce a more outspoken effect on parent brand attitude. The measures in this study also captured only the immediate attitudinal response. The question is how these attitudes might evolve over a longer period of time. It is possible that (parent brand) attitudes will return back to a “baseline” after some time has passed. It may be worthwhile to study whether positive communication effects result from multiple advertising exposures for the conditions studied in this research as well, and how this may differentially affect parent brand evaluations.

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