

The Effect of Brand Extensions on Parent-Brand Relationship Quality

Introduction

A recognized brand name that provides a competitive advantage is considered one of a firm's most valuable assets. Many firms have benefitted from their well-established brand name by adopting the strategy of brand extension (Aaker and Keller, 1990). Many academic studies have examined the methods used to introduce successful brand extensions, and analysed how consumers evaluate the brand extensions (Aaker and Keller, 1990; Barone, 2005; Bath, 1997; Bottomley and Holden, 2001; Edelman, 2003; Fedorikhin, Park and Thomson, 2008; Kwun, 2004; Lockhart and Ford, 2005). Some researchers have suggested that brand extension strategies may carry the risk of diluting important consumer trust in the parent brand (Martinez and Pina, 2003; C. W. Park, Milberg and Lawson, 1991). Furthermore, some studies have focused on the role of the *parent brand* in brand extensions (Apostolopoulou, 2002; Bath, 1997; Bhat and Reddy, 2001; Yeung and Wyer Jr, 2005). Brand extensions may have a positive or a negative influence on the parent brand, so it is important to understand the specific impact on dimensions such as brand image, brand awareness, and customer-brand relationships. This study will carry investigate the effects of brand extensions on the relationships customers have with the parent brand.

Brand Extensions

A brand extension is defined as using the current brand name to enter a different product class, such as Ivory moving from soap to shampoo (Aaker and Keller, 1990), and Billabong entering the snowboard and skateboard categories from their base in casual surfwear. This strategy is frequently used in mature fast-moving consumer goods (FMCG) categories such as personal care products (Ambler and Styles, 1997). Myriad academic studies have appeared exploring successful approaches in applying brand extensions and investigating consumers' responses towards brand extensions (Aaker and Keller, 1990; Ambler and Styles, 1997; Barone, 2005; Bottomley and Holden, 2001; Fedorikhin, Park and Thomson, 2008) Brand extensions have become one of the most heavily-researched topics as well as one of the most influential areas in branding (Czellar, 2003).

Successful brand extensions depend on consumers' perceptions of fit or similarity between the new extension and the parent brand (Aaker and Keller, 1990; Czellar, 2003; Klink and Smith, 2001; Volckner and Sattler, 2006). Furthermore, studies reveal an interaction between the parent brand and the extension category: factors affecting the parent brand will affect the extension as well. Similarly, factors that influence the extension category will affect the parent brand (Byung Chul, Jongwon and Robert, 2007; Hem, 2001; Kumar, 2005; Martinez and Pina, 2003; Martinez, Polo and de Chernatony, 2008; Maureen, 1999; Nan, 2006; Yeung and Wyer Jr, 2005). Customers evaluating brand extensions may change their core beliefs about parent brands, which may lead to a stronger or weaker brand positioning (Sheinin, 2000).

Three studies that investigated the influence of brand extensions on the parent brands particularly influenced this research. Martinez & Pina (2003) examined the negative impact of brand extensions on parent brand image. Pina, Martinez, De Chernatony, and Drury (2006) developed an empirical model which explains the effects of service brand extensions on corporate image. Martinez, Polo, & de Chernatony (2008) investigated the effect of brand

extension strategies on brand image in a comparative study of the UK and Spanish markets, particularly the industry of sport products. These three studies suggest brand extensions have a significant effect on the parent brand image. Sheinin (2000) explored how brand extensions influence knowledge about parent brands. The major finding is that brand extensions influence knowledge of unfamiliar parent brands more than familiar parent brands. However brand image and brand knowledge are only two dimensions of branding. Other aspects such as the consumer-brand relationship, brand experience, brand personality, and brand architecture still need to be examined.

Brand Relationship Quality

Two models were considered to provide the framework for this study: Relationship Investment (RI) (Rusbult, 1980) shown in Figure 1, and Brand Relationship Quality (BRQ) (Fournier, 1998) shown in Figure 2. Both models share a similar theoretical grounding in social psychology (Breivik & Thorbjørnsen, 2008).

Figure 1: Relationship Investment Model, (Rusbult, 1980)

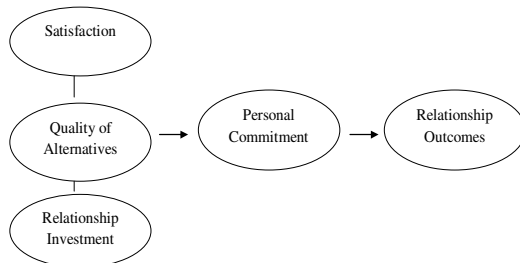
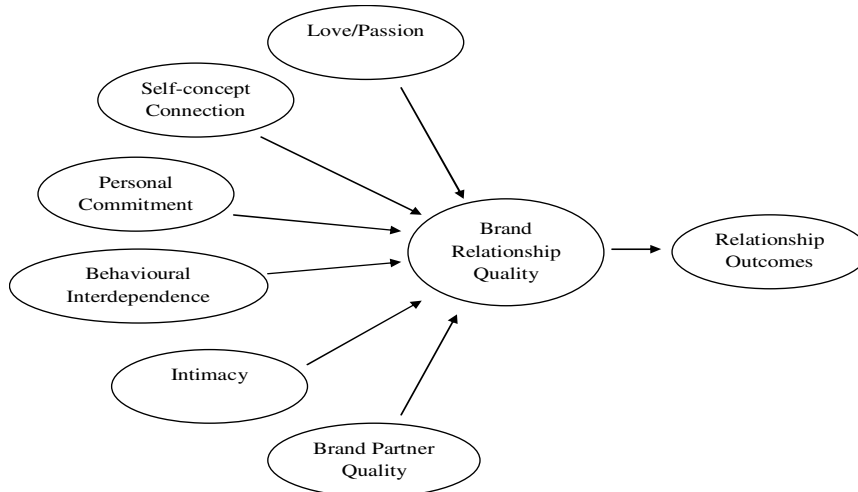


Figure 2: Brand Relationship Quality Model, (Fournier, 1998)



For this study the BRQ model was chosen because BRQ has been used in closely aligned studies related to the relationship between a customer, the parent brand and the brand extension. Park & Kim (2001, 2002) used BRQ to explore the role of consumer relationships with a brand in brand extensions and to investigate the acceptance of brand extensions by looking at the interactive influences of product category similarity, typicality of claimed benefits, and brand relationship quality.

These studies, however, focussed on the impact of the parent brand on the success of brand extension, whereas this study reverses the relationship and concentrates on the possible impacts of brand extensions on parent brand. The research question for this study - *How do*

brand extensions affect the quality of the relationship between the customer and the parent brand? - leads to the following hypotheses:

H1: There is a [positive/negative] relationship between a [related/unrelated] brand extension and parent-brand relationship quality.

H2 – H7: there is a [positive/negative relationship] between [H2: love | H3: self-concept connection | H4: interdependence | H5: intimacy | H6: brand-partner quality | H7: personal commitment] with a [related/unrelated] brand extension and parent-brand relationship quality.

Research Methods

This study used a self-administered questionnaire with snowball sampling to survey respondents. Two real brands were chosen to represent the parent brands – Apple and Dove – with fictional related and unrelated extensions to these brands. Apple was chosen for two reasons. First, the questionnaire was administered initially to university students, a core Apple constituent. Second, Apple has already been used in the investigation of the consumer-brand relationship models (Breivik and Thorbjørnsen, 2008). Dove, known for personal care products, was chosen as a strong representative brand in the fast moving consumer goods category – a category where brand extensions are common (Ambler and Styles, 1997). Two fictional brand extensions were created for each brand – related and unrelated. This approach has been used in previous studies (Monga and John, 2007). For Apple, the related prospective brand extension is an Apple wrist watch, while the unrelated brand extension is Apple-branded shoes. For Dove, the related brand extension is a shaver (non-electric), while the unrelated brand extension is fruit juice. A screening question first established whether the respondent is a current or recent customer of either of these brands.

The questionnaire

Respondents were asked to describe the quality of their relationship with the parent brand (Apple or Dove) by responding to questions representing each of the six dimensions in the BRQ model with the brand. For example, to measure love or passion for a brand, the sample was asked to respond on a six-point scale ('1' = strong disagree, '6' = strongly agree) to the following statement: "I have feelings for the Apple/Dove brand that I don't have for any other brand". The other BRQ dimensions were tested with the items in Table 1.

Table 1: BRQ Dimensions and Scale Items

Love/Passion	"I have feelings for the [Apple/Dove] brand that I don't have for any other brand".
Self-concept Connection	"The [Apple/Dove] brand says a lot about the kind of person I am"
Behavioural Interdependence	"Every time I use [an/a] [Apple/Dove] product, I am reminded of how much I like it"
Intimacy	"I feel as though [Apple/Dove] really understands me"
Brand Partner Quality	"I feel like I know what to expect from [Apple/Dove]"
Nostalgic Attachment or Personal Commitment	"I am willing to make small sacrifices in order to keep using the [Apple/Dove] brand"

The second part of the questionnaire investigated the effects of brand extensions on parent brand relationship quality by using the fictional extension scenarios. The following text provides an example of the scenario: “Now imagine that Apple release a new line of wrist watches. The Apple Watch is designed with the usual distinctive Apple styling and will be available only at Apple retail stores or via the Apple website.” Subsequently, respondents’ relationship quality with the parent brand was re-examined along the same six dimensions of BRQ, by asking them whether the extension was likely to make their relationship with the parent brand stronger, weaker or no change.

Complete data were received from 172 Apple users (73 for the related extension, and 99 for the unrelated extension) and 89 Dove users (43 related and 46 unrelated). The sample had a 60:40 male to female ratio, with an age range from 18 to 37 years.

Analysis and Results

For both brands, the individual dimensions were summed to create a total score representing brand relationship quality. For the Apple brand, relationship quality strengthened for the related extension and weakened for the unrelated extension. A t-test confirmed that the observed differences were statistically significant ($t = -3.136$, $p < 0.05$). These results were mirrored for the Dove brand. The related extension strengthened the relationship quality, and the unrelated extension weakened the relationship quality for Dove ($t = -2.630$, $p < 0.05$). Therefore H1 is supported by the data.

Analyzing Each Dimension of BRQ

Due to the difference in the scales between relationship quality before brand extension (6-point scale), and the change in relationship quality after brand extension (3-point scale), we recoded the data and analysed with a chi-square test. Specifically, ‘1’= strongly disagree and ‘2’= disagree were recoded as low relationship. The options ‘3’= generally disagree and ‘4’ generally agree were categorised as medium relationship, and ‘5’= agree and ‘6’= strongly agree were coded as high level relationship.

Even though the movement was in the hypothesised direction, for love/passion, self-concept connection and behavioural interdependence, the difference was not statistically significant. Therefore hypotheses H2, H3 and H4 were not supported. For intimacy, only the respondents evaluating the Dove unrelated extension showed a significantly weaker parent-brand relationship, and therefore H5 is partially supported.

For the brand-partner quality, which represents consumer satisfaction, there was only one significant change resulting from the Dove unrelated brand extension, which strengthened the relationship quality with the parent brand. This movement is not in the hypothesised direction and therefore H6 is not supported.

For the personal commitment dimension, there was a statistically significant change after the related brand extension for both the Apple and Dove brands. For the unrelated brand extensions the movements in relationship quality are in the hypothesised direction, but not significant. Therefore H7 is partially supported.

Limitations, Discussion and Conclusions

Previously, it has been shown that the quality of a consumer's relationship with the parent brand has a strategic significant impact on the success of brand extension (Park & Kim, 2001, Park et al., 2002). This study reveals that there is a return effect as well. Using the BRQ model, the results of this study suggest that perceptions of brand extensions significantly influence parent-brand relationship quality. Related brand extensions strengthen parent-brand relationship quality and unrelated extensions weaken parent-brand relationship quality. These results support by previous studies (Aaker and Keller, 1990), which have demonstrated that the relationship between the parent brand and the brand extension depends on the congruence or fit between the original brand and the extension category.

Analysing the individual dimensions of BRQ, personal commitment showed a significant influence on parent-brand relationship quality. An increased level for one of the BRQ model's dimensions should result in an increased overall level of brand relationship quality (Breivik and Thorbjørnsen, 2008; Fournier, 1994).

When brand managers decide to grow their brands using brand extension strategies, they are advised to consider the potential effects of unrelated brand extensions. Overall, unrelated brand extensions negatively affect parent brand relationship quality. Brand managers are wise to evaluate their brands from the perspective of the level of relationship quality with customers – which considers emotions and feelings – and not based just on consumers' cognitive evaluation of the brand.

Academically, this study contributes to the literature by enhancing our understanding of the effects of brand extensions – either strengthening or weakening relationship quality with the original brand. This study also turns the tables on previous research by examining how brand extensions affect parent-brands, rather than the more common way of researching how parent-brands are likely to affect brand extensions.

An exploratory study such as this tends to pose more questions than it answers. Future researchers are advised to collect data from larger samples, and use a more purposive sampling strategy. While this study focussed on the BRQ model, other relationship quality models, like Relationship Investment may be just as applicable. The brand extension scenarios provided for the respondents would be more realistic if respondents had been shown or given a prototype model to evaluate, rather than just a short vignette. Finally, further qualitative research may indicate brand outcomes. For instance, if the extension negatively influences parent-brand relationships, what kinds of action (if any) will consumers take?

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Abstract

Prior studies in branding have investigated the impact of brand extensions on the parent brand in different areas, such as brand image and corporate image. This study focuses on the quality of the relationship customers have with a parent brand, and how brand extensions may affect this relationship. Using the brand relationship quality (BRQ) model as a framework, the results of a survey (N=261) questioning Dove and Apple brand customers, suggest brand extensions play a significant role in parent brand relationship quality. A related brand extension positively influences the parent brand relationship, whereas an unrelated brand extension negatively influences the parent brand relationship.

Keywords: Branding, Brand Extensions, Brand Relationship Quality