

# Antecedents of Low-Fit Brand Extension Evaluation: A Review and Research Agenda

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## ABSTRACT

Firms are now using their well-established brand names to extend into low-fit categories to connect with the consumers in different ways and to sustain the existing relationships. However, preliminary work in the field of brand extension focused primarily on consumer evaluation of high fit brand extensions. Off late, evaluation of low-fit brand extension has received considerable attention by the researchers. This paper is aimed at highlighting various factors related to parent brand that can enhance the evaluation of low-fit brand extensions. We discuss "brand extension and its evaluation", more specifically; investigate several factors related to core brand having implications on extension evaluation. This meek effort will help the marketing managers and research scholars to understand the new possibilities for enhancing the evaluations of low fit brand extensions.

**Keywords:** Brand extension, consumer evaluations, low-fit brand extensions, factors enhancing evaluations, marketing strategies

## 1. INTRODUCTION

As brand extension provides opportunities to a firm to grow by introducing a new product in a different product category but under their prominent brand name. This, however, also has some risks which put a marketer into a dilemma to whether go for an extension or not thinking about the success or failure in the market.

Once a marketer decides for opting brand extension decision, he might think of the benefits and drawbacks of extending

into a particular category (high fit, medium fit or low fit). Past researches such as (Aaker & Keller, 1990; Boush&Loken, 1991; McCarthy et al., 2001) suggest the marketers to opt for launching the extensions which are somehow related to the core brand because these extensions are evaluated more positively by the consumers, considering the aspect of 'difficulty of producing the extension', as suggested by (Aaker & Keller, 1990). Considering this suggestion, a marketer may think of launching a high-fit or medium fit extension and may hesitate of introducing low-fit brand extension in the market with the fear unfavourable evaluation.

Arguably, it may not sound very wise to extend into distant product categories because it may negatively impact consumer evaluation of newly introduced extension product with lowering chances of success. But, one must know that introducing the product based on the particular category does not guarantee success whether it is a high, medium or low-fit product. Thereupon, focus of the marketers should be on how the evaluations of low fit brand extensions can be enhanced, whether the fit between the two is high or low. By understanding and making use of various factors associated to parent brand, marketers can enhance the evaluations of brand extensions related to different categories.

Recent findings related to factors and marketing strategies influencing the evaluations of low fit extensions (Zhang et

al., 2020; Zheng et al., 2019; Parker et al., 2018; Erfgen et al., 2015) have led to the conclusion that it is not a bad idea to launch low-fit extensions in the market, especially in context of India, some of the low fitting extensions have performed well, e.g. Tata Salt, or Godrej hair color. Through this paper, we attempt to find out the relationship of extension evaluation with the parent brand related attributes and perceptions, that can affect the evaluations of low-fit brand extension positively.

Directions for future research is presented at the end, expanding the scope of low fit extension hence, contributing to existing literature of brand extension evaluation.

## **2. THEORETICAL BACKGROUND**

### **2.1 Brand Extension**

In place of brand extension, (Tauber, 1981) used the term franchise extension and differentiated it from line extension by stating that “franchise extensions leverage the existing brand name to the category new to the parent firm” (p. 37) whereas, “line extensions represent new sizes, flavors and the like where items use an existing brand name in a firm’s present category” (p. 36) and also, mentioned that one of the major benefits of extension is that it capitalizes on brand name, which is considered as the company’s most valuable asset. Brand extension is “use of an established brand name to enter a new product category” (Aaker & Keller, 1990, p. 27) and by using brand extension to enter new product markets, a firm gets benefitted from brand name recognition and image. Brand extensions have been placed in two distinctive categories: vertical and horizontal. When the same brand is launched in the identical category of the product however, with changes in price and also the quality, is termed as vertical extension whereas, when the subsisting name of the product is either applied or extended to a product which is recent in the similar product class or to a category of the product which is new to the company is

known as horizontal extension and forms of horizontal extension are line extension and franchise extension (Pitta & Katsanis, 1995). Also, the authors discussed about the extension distance and defined distancing as “the purposive increase in the perceptual distance of the extension from the core product” (p. 60). In horizontal extensions they discussed two extensions: close and distant extensions. When the same feature set as the parent product are shared by the extensions and may be in the same product category are called close extensions whereas, the brands extending in dissimilar product categories and for success relying on parent’s overall quality associations are called distant extensions. Vertical extensions can be extended in two directions: upscale, in which a product which is new, introduced with higher price and better quality features in comparison to the original, and another direction is downscale, which includes a new product with diminished quality and reduced price. In brand extension decisions, significant role is played by manufacturing capabilities and expertise (Dawes et al., 2011).

Sullivan, 1992 studied about appropriate timing of entry for brand extension, and indicated that there is high probability of failure when the brands are extended early rather than later. Their results suggested that when the established brands are extended early, they are put at risk because of frequent new product failures and the mistakes of positioning. According to them, better strategy, when entering early, can be making use of new brand name if, the market seems promising.

A consumer can perceive and evaluate the brand extensions by a firm in many different ways and to make inferences- existing knowledge about the brand and also the category of the extension can be used (Keller, 2012). In the study by (Chun et al., 2015), it is being proposed and demonstrated that the positive outcomes are jointly impacted by the three variables (brand reputation, brand extension fit and brand extension innovativeness) wherein the

extension liking and positive spill over effects on parent brand are taken as the positive outcomes. These outcomes are increased to the maximum when there is low fit brand extension and innovative benedictions are proffered to the consumers because consumers are motivated through low fit extensions to more deeply onrush the information of brand extension, this is in the case of brands with strong reputation. For the brands with weak reputation the outcomes are increased to the maximum when there is high fit brand extension and innovative benedictions are proffered to the consumers because trust of the consumers in the capability of weak brand to confide further benedictions is strengthened by the high fit brand extension.

## 2.2 Evaluation of Brand Extensions

We present here briefly the studies related to evaluations of extensions.

Aaker & Keller, 1990 conducted two studies to understand attitude formation of consumers toward brand extensions. The results obtained by them indicated that attitude of consumers is stronger for the extension with perceived fit between the two classes of product along with one of the dimensions (Transfer, Substitute and Complement) and for the original brand there should be a perception of high quality. Secondly, the extension is not considered as too easy to make. Also, the findings suggested that rather than causing the consumers to recall the associations positively related to the original brand, elaboration of the attributes associated to brand extension can help in counterbalancing the possible negative associations.

According to (Boush, 1993), acceptability of potential brand extensions can be influenced by brand slogans. Significant role can be played by the advertising slogans in aiding the brand extension strategy by highlighting the attributes of the new product which are shared by the existing products or which disaccord with the existing products.

Yeung &Wyer Jr, 2005 investigated the influence of brand-elicited affect in evaluations of extension. Their results showed that when a chance is given to the consumers to form foremost notion of the extension on the basis of the core brand, then their ensuing evaluations can be impacted independently of the similarity of the extension to the core. Further, the affect which is experienced by the people and attribute to the brand strives its affect through its impact on this notion. Consequently, evaluations of extension are influenced by it, in spite of the fact that the extension and the core are extremely dissimilar.

In the context of India, (Kaur &Pandit, 2014) conducted a replication study of (Aaker & Keller, 1990) in which real brands and their real extensions were being used. The regression results of their study were analogized with the studies that replicated Aaker and Keller's model (13 studies). Across multiple studies, some differences were found by them but there was confirmation of general relationships. It was inferred that the main effects, moderated by the interaction terms had driven the attitude of the consumers towards the brand extensions. Their study endured a majority of Aaker and Keller's hypotheses, after correcting for the multicollinearity and degree of difficulty related with producing the extension i.e., DIFFICULT was an exception. Overall, 'full effects' model rather than 'main effects only' model was endorsed by the empirical advertence of their study. *Quality* was supported in this study; interaction of *Quality* and *Transfer* and interaction of *Quality* and *Substitute* were perceived to be noteworthy. Consumers' evaluations of extension were significantly impacted by *Only Transfer*, among the three fit variables. In their meta-analysis, the strong impact of perceived quality and fit related variables dominated the consumer attitude formation for the extension brand.

Maximum of the past studies predominantly emphasize the role of high fit

in positive extension evaluation. However, in real business scenario, several brands introduce distant or low-fitting extensions.

### 3. FACTORS INFLUENCING CONSUMER EVALUATIONS

There are various reasons to study and understand various factors that impact the evaluations of brand extensions. It has become important for the managers and marketers to broaden their knowledge related to the factors that influence the evaluations of the products whether a firm extends in a close, medium or low fit category. Since, a number of multinational companies are gaining access to different markets, they would wish to capitalize their subsisting equity as well as assuring that the new products introduced are suitable with respect to the new markets. Thereupon, it has become importunate to focus on distinct factors that affect the evaluations of extension (Kaur & Pandit, 2015).

#### 3.1 Factors related to the parent brand

**3.1.1 Brand trust:** Brand trust is a significant factor that can enhance the evaluations of low-fit brand extensions. (Chaudhuri & Holbrook, 2001) defined brand trust as “the willingness of the average consumer to rely on the ability of the brand to perform its stated function” (p. 82). Their findings indicated that brand trust and brand affect are two distinct constructs that integrate jointly for ascertaining two separate kinds of brand loyalty which are purchase loyalty and attitudinal loyalty, through which the resultant allied characteristics of brand equity such as share of the market and relative price get influenced. (Jon David Reast, 2003) highlights that the benefit for the brand which is highly trusted by the consumers is sustained from line extensions that are close, to brand extensions which are related as well as to the very far extension. Regression results obtained by (Jon D. Reast, 2005) suggested that within brand extension decisions, performance satisfaction acts as the more influential element of brand trust. When the relation

between satisfaction and trust was contemplated by (Erciş et al., 2012), it was instituted that these variables are positively related to each other as increase in trust for a particular brand leads to increase in satisfaction.

So we hypothesize-

*H: The greater the trust in parent brand, the more favorable will be the evaluation of brand extension, irrespective of its fit.*

**3.1.2 Perceived Quality:** Perceived quality has been found as another factor that can impact the evaluations of brand extensions. “Quality can be defined broadly as superiority or excellence. By extension, perceived quality can be defined as the consumer’s judgement about a product’s overall excellence or superiority” (Zeithaml, 1988, p. 3). The results obtained by (Martinez & De Chernatony, 2004) suggest that in order to guard the brand image in an extension strategy, firm needs to make an effort that consumers perceive it as possessing higher quality and trials of the products should be stimulated. (Sunde & Brodie, 1993) found that existence of an undeviating relationship between the quality perceived by the consumers and their attitude regarding the extension. A longitudinal study by (Völckner et al., 2008), related to effects of image feedback, reports that negative image effects normally transpire in circumstances when the high quality level of parent brand is not met by the perceived quality of extension. (Arslan & Altuna, 2010) indicate that product brand image is impacted more by the perceived quality followed by fit, attitude and familiarity. In the study of fast fashion brand extension by (Choi et al., 2010), it was found that perceived quality is the most significant factor influencing evaluations of extensions and decisions related to purchase.

So we hypothesize,

*H: High perceived quality of parent brand will support extension brand’s evaluation even if the perceived fit is low.*

**3.1.3 Brand Commitment:** Brand commitment has been found as another

significant factor influencing the evaluations of extensions. “Brand commitment means a relationship similar to a friendship a consumer develops for the brand” (Erciş et al., 2012, p. 1399). Amine, 1998 states that for attaining long-run competitive edge, brand commitment is a temporal phenomenon and can be achieved in long run. Consequently, for making consumers’ purchase patterns less casual and more foreseeable, an organization should assure the consumer commitment to the brand which will lead to the accomplishment of strategic goal of the firm i.e., maintaining regular customers. A cross-national investigation by (Eisingerich & Rubera, 2010), associated with drivers of brand commitment, results of their study demonstrated that there is an increase in brand commitment, when an organization is ‘consumer oriented and socially responsible but in countries with cultures that are collectivist, long-term oriented and high on power distance’. Wang et al., 2017 found that when extension is evaluated by the individuals with high level of commitment, more importance is given to image fit. Thereupon, consumers with greater degree of commitment will not oppose to buy an extension highly differing from the brand’s current products, despite that consumers will demand strong coherence with the brand image.

So we hypothesize-

*H: When image coherency is maintained, even a low fitting brand will fetch positive evaluation from consumers, if they are committed to the parent brand.*

**3.1.4 Brand Credibility:** Extensions launched by a credible brand may be positively evaluated by the consumers because of the credibility of the brand. “Brand credibility is defined as the believability of the product information contained in a brand, which requires that consumers perceive that the brand have the ability (i.e., expertise) and willingness (i.e., trustworthiness) to continuously deliver what has been promised (in fact, brands can function as signals since-if and when they

do not deliver what is promised- their brand equity will erode)” (Erdem&Swait, 2004, p. 192). They found ‘brand credibility (Trustworthiness and Expertise)’ is a significant element of “brand consideration”. The interactivity of “credibility” constituents with ‘Familiarity and Uncertainty’ stipulated that “brand credibility” will play a considerable part in ascertaining consideration for specific product categories and for certain individuals. Also, they mentioned that this considerable part is attained not only by building ‘brand credibility’ overall a more significant element of “consideration” but also by transferring the relative significance of ‘Trustworthiness’ and ‘Expertise’ within the influence of overall ‘credibility’. The results obtained by (X. Wang & Yang, 2010) indicated that brand purchase intention of consumers is positively affected by brand credibility.

So, we hypothesize,

*H: More credible brand will generate higher purchase intention toward the brand extension, even if it is low fitting.*

**3.1.5 Brand Conviction:** In the literature there are few examples of brand conviction. For instance, research done by (J. Kim, 2003) indicated that attitude strength is strongly influenced by cognitive conviction over the affective conviction, even though cognitive conviction is significantly influenced by the affective conviction. It was indicated by their total effect comparison that under low-involvement condition, there is more influence of affective conviction on attitude strength in comparison to high-involvement conviction. Their findings implied that between conviction and commitment, attitude strength acts as a key and inevitable mediator and in its absence, there would be instability in the link from conviction to commitment. (J. Kim et al., 2008) postulated that with respect to a brand consumer’s conviction in a separate manner lives in cognitive and affective areas, wherein cognitive conviction is a predictor of the durability of attitudes over time and in

relation to the brand, affective conviction is a vital component to arise during the process of recapturing memory related to brand. Separately from cognitive conviction, brand loyalty formation was influenced by affective conviction; formation of the cognitive conviction was also influenced by affective conviction. They also found that between conviction and the brand commitment, attitude strength construct acted as an important mediator.

So, we hypothesize,

*H: As long as consumers have high conviction for the parent brand they will evaluate extension brand positively, even if it is low fitting.*

**3.1.6 Brand prototypicality:** Nedungadi & Hutchinson, 1985 defined prototypicality as “a measure of how representative an object is of a category”. Kalamas et al., 2006 studied the vital role of “congruency” in “prototypical brand extensions” and clearly showed that the ‘positive affective associations’ that the consumers hold for popular prototypical brands impacts the success of those extensions only which consumers perceive as “congruent” to the parent brand. Goedertier et al., 2015 investigated how ‘acceptance of close and distant novel extensions is effected by brand prototypicality’. Their results indicated that for close novel extensions, brand typicality positively effects the innovation acceptance and this effect is mediated by ‘category fit perceptions’ and also by ‘perceived risk’. For the extensions which are ‘distant’ and ‘novel’, brand prototypicality positively effects the extension acceptance but this effect is mediated by perceived risk only.

So we hypothesize,

*H: Brand Prototypicality affects distant brand extensions positively, as mediated by perceived risk.*

**3.1.7 Brand reputation:** Dahlén et al., 2009 defined brand reputation as “the expectations consumers have on a brand and the standard they measure its actions by, based on their previous experiences of the brand and its visibility in the marketplace”

(p. 156). Extensions launched by the brands with ‘higher perceived reputation’, give consumers relief from risk and motivate more favorable attitude regarding extensions (Hem et al., 2003). Johnson et al., 2019 investigated how brand extensions’ evaluations get impacted by two different types of brand reputation: ‘reputation for social responsibility’ and ‘reputation for ability’. They established that high fit brand extensions get equally influenced by both kind of reputation whereas, low-fit brand extensions get more favorable response because of reputation for social responsibility.

So we hypothesize,

*H: Low fit extension evaluation is affected positively by the parent brand reputation.*

#### 4. FUTURE RESEARCH

It has become important to find out the new possibilities for enhancing evaluations of low-fit brand extensions. We present parent brand related cues to enhance positive evaluation of low fitting extension. In future, researchers may attempt to explore various extension related attributes for successful evaluation of low fit brand extension. Such models can also be empirically examined to understand mediating and moderating relationships of the factors involved.

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