Consumer evaluations of extensions and their effects on the core brand

Key issues and research propositions

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Abstract *Extensions as forms of new product development strategy have been discussed to a great extent during the last decade, however, there have been limited reviews of the literature. This article reassesses the work on brand and line extensions and integrates it into a conceptual framework. The latter shows that extension and core brand evaluations are affected by consumer perceptions of fit. Moderating factors that influence the relationship between fit and consumer evaluations of the extension and the core brand are also identified. The framework is subsequently used to develop concrete research propositions to guide further research in the area.*

Introduction

The high costs of new product launches have encouraged an increasing number of firms to use extensions for their new product strategy (Tauber, 1981; Aaker and Keller, 1990; Park and Srinivasan, 1994). By using well-known brands, the costs of launching a new product can be reduced drastically through marketing and distribution efficiencies (*The Economist*, 1990; Muroma and Saari, 1996). In this context, "well over one half of all new brands introduced in the 1980s were extensions marketed under existing brand names" (Loken and Roedder John, 1993, p. 77).

There are a number of benefits and pitfalls of using an extension strategy. Extensions capitalise on the equity built up from the core brand (Aaker and Keller, 1990); in this context, brand equity is the "added value" that a brand endows to a product (Farquhar *et al.*, 1990, p. 856). Thus, the company moves into a new product category and/or market segment from a position of strength (Tauber, 1981). Extensions promote immediate consumer awareness, providing a relatively quick and cheap way to enter a new market (*The Economist*, 1990). Moreover, the introduction of an extension can increase sales for the parent brand, due to the enhancement of consumers' perceptions of brand values and image through increased communication (Tauber, 1981, 1988). Finally, brand extensions tend to have a higher survival rate than new name products (Sullivan, 1992).

Despite their benefits, extensions can be risky (Ries and Trout, 1986). An extension (either successful or unsuccessful) may potentially dilute the equity built up by the brand (Aaker, 1990). Specifically, the new product may create confusion or negative connotations in the minds of consumers and thus weaken the core values of the brand (Tauber, 1981, 1988; Roedder John *et al.*, 1998). Furthermore, if the extended product is closely connected with the original product, consumers may purchase the extended product at the expense of the company's other products, inducing a cannibalisation effect (Copulsky, 1976; Buday, 1989).

Despite the importance, benefits and risks associated with extensions, the literature in this area tends to be fragmented and characterised by an absence of conceptual frameworks to guide empirical work[1]. This paper addresses this gap by combining key concepts from the extension literature into an integrative framework so as to provide a navigation chart for future empirical studies. The framework is consistent with the prevailing view in the extant literature that extensions, by their very nature, may enhance or dilute the equity built up by the core brand (e.g. Aaker and Keller, 1990; Loken and Roedder John, 1993; Sunde and Brodie, 1993; Park *et al.*, 1993, 1996; Bottomley and Doyle, 1996). Opposing views suggesting that brand equity and, by association, extensions are "unnecessary" (Ehrenberg 1997a, p. 17) are acknowledged but not incorporated in our framework (for relevant discussions see Ehrenberg *et al.*, 1990; Ehrenberg 1996; Dyson *et al.*, 1997; Ehrenberg 1997a, b; Ehrenberg *et al.*, 1997; Baldinger and Rubinson, 1997).

The rest of the paper is structured as follows. First, different types of extensions are defined and a theoretical rationale is provided for focusing on "consumer evaluations" as indicators of extension and core brand success. Next, the conceptual framework is presented highlighting the main factors affecting extension evaluations and core brand evaluations following an extension introduction. Following this, a set of research propositions is introduced corresponding to the linkages in the conceptual framework. These propositions specify the conditions under which a particular extension is likely to be favourably or unfavourably evaluated and/or the core brand enhanced or diluted. The paper concludes with an agenda for future research.

Extension definitions and literature

There is a need to differentiate between the different extension concepts, since the literature has used extension definitions and terminology inconsistently (Ambler and Styles, 1997). For example, Tauber (1981, p. 36) uses the term "brand franchise extensions" and describes this as taking a brand name familiar to the consumer and applying it to a product in a new category (i.e. new product class). Farquhar (1989) describes two types of brand extension. A line extension applies an existing brand name to a product in one of the firm's existing categories (e.g. the Freelander by Land Rover). A category extension, on the other hand, applies an existing brand name to a product category that is new to the firm (e.g. Caterpillar and fashion clothing). Aaker and Keller (1990, p. 27) also distinguish between two types of extension, namely:

> . . . a line extension, whereby a current brand name is used to enter a new market segment in its product class (e.g. Diet Coke) and . . . a brand extension, whereby a current brand name is used to enter a completely different product class (e.g. NCR photocopiers).

Here, the line extension differs from Farquhar's (1989) definition in that market segmentation becomes more of an issue, but the brand extension definition is similar. Aaker and Keller (1990) also refer to "extension" as the general term describing both brand and line extensions.

During the last decade there has been a number of empirical studies addressing consumer evaluations of an extension and the impact of different types of extension on the core (original) brand (e.g. Aaker and Keller, 1990; Romeo, 1991). The majority of the extension literature has concentrated upon brand extensions and not line extensions (e.g. Aaker and Keller, 1990; Sunde and Brodie, 1993; Bottomley and Doyle, 1996). This is paradoxical as most extensions are line and not brand (Reddy *et al.*, 1994). Table I shows the extent of brand extension research compared to line extension research and serves to highlight the greater breadth and depth of work devoted to the former. In this context, brand extension research is mainly derived from Aaker and Keller's (1990) seminal work on consumers' "fit" and quality evaluations of brand extensions (e.g. Sunde and Brodie's (1993) replication of and Bottomley and Doyle's (1996) testing of Aaker and Keller's (1990) model). In contrast, line extension research has tended to focus more narrowly on issues such as cannibalisation of and optimal entry times for line extensions. Table I also shows that the majority of studies have used actual brands and considered hypothetical extensions; however, there is also a considerable amount of research using hypothetical brands and hypothetical extensions. Most of these studies have used an experimental design that has attempted to investigate issues such as the factors contributing to favourable consumer evaluations of an extension or the potential negative impact of extensions on the core (original) brand. Finally, the types of respondent used in previous research have mostly been university students, with only a small number of investigations studying "actual" (non-student) consumer populations. Although homogeneous groups (such as students) are an acceptable sampling choice when the focus is on *theory* development (and hence the main concern is with *internal* validity), their lack of representativeness becomes a problem when the research aims to map "observed data directly into events *beyond* the research setting" (Calder *et al.*, 1981, p. 197, emphasis added); this is because homogeneous samples limit the generalisability of a study in terms of external validity (Calder *et al.*, 1982; Lynch, 1982).

Given the pre-eminence of Aaker and Keller's (1990) article in sparking further research and debate, their use of the term "extension to cover" both line and brand extensions is adopted in the subsequent conceptual framework and propositions. As far as this paper is concerned, it is the level of fit between the core brand and the extension, and not the type of extension, which is the most important concern; for example, a line extension of BMW (e.g. moving into the low price car sector) that has poor perceived fit is likely to cause greater

Table I.
Brand and line extension research

Authors	Areas of research	Types of products	Respondents
Brand extension research			
Aaker and Keller (1990)	Consumer evaluations of fit and quality of brand extensions	Hypothetical extensions of actual brands	Undergraduate students
Ambler and Styles (1997)	Managers' evaluations of extensions (studied both brand and line extensions)	Actual brands and extensions	Brand/marketing managers
Barrett *et al.* (1999)	Testing Aaker and Keller's (1990) model	Hypothetical extensions of actual brands	New Zealand residents
Bhat and Reddy (1997)	Dimensions of fit between a brand and its extension	Hypothetical extensions of actual brands	Graduate business students
Bottomley and Doyle (1996)	Testing Aaker and Keller's (1990) model	Hypothetical extensions of actual brands	Undergraduate students
Boush and Loken (1991)	Consumer evaluations of similarity and typicality	Hypothetical brands and extensions	University students
Broniarczyk and Alba (1994)	Consumer knowledge, category similarity and brand associations	Hypothetical extensions of actual brands	Undergraduate students
Chakravarti *et al.* (1990)	Consumer evaluations of similarity and fit	Hypothetical extensions of actual brands	Students
Consumer Behaviour Seminar (1987)	Consumer evaluations of brand extension similarity	Fictitious brands	Students
Dacin and Smith (1994)	Brand portfolio characteristics	Fictitious brands	Type unknown
de Magalhães Serra *et al.* (1999)	Brand extensions and image consistency	Actual brands and hypothetical extensions	Undergraduate students
Gail (1993)	Consumer evaluations of involvement and expertise	Hypothetical extensions of actual brands	Type unknown
Gürhan-Canli and Maheswaran (1998)	Dilution, enhancement and typicality of extensions	Actual brands – hypothetical attribute information	Undergraduate students

(continued)

Table I.

Authors	Areas of research	Types of products	Respondents
Han and Schmitt (1996)	Product category fit or company characteristics – comparison of Hong Kong and US consumers	Hypothetical extensions of actual brands	Undergraduate students and working professionals
Kardes and Allen (1991)	Variability and inferences about brand extensions	Hypothetical brands and extensions	MBA students
Keller and Aaker (1992)	Sequential introduction of brand extensions	Hypothetical brands and extensions	University employees
Klink and Smith (1997)	The effects of fit and marketing actions on brand extensions	Hypothetical extensions of actual brands	Graduate students
Loken and Roedder John (1993)	Dilution of the brand via a brand extension introduction	Hypothetical brands and extensions	Women consumers
McWilliam (1993)	The development of brand typologies	Actual brands and extensions	Marketing practitioners
Milberg *et al.* (1997)	The impact of alternative branding strategies and managing negative feedback	Actual brands and hypothetical extensions	General public
Muroma and Saari (1996)	Brand extension fit	Actual brands and hypothetical extensions	Students/adult education centre
Muthukrishnan and Weitz (1991)	Product knowledge	Actual brands and hypothetical extensions	Undergraduate students
Nakamoto *et al.* (1993)	The effect of advertising on brand extensions	Hypothetical brands and extensions	Type unknown
Nijssen (1996)	Managers' evaluations of brand extensions	Hypothetical extensions	Managers
Park *et al.* (1996)	Composite branding alliances	Actual brands and hypothetical extensions	Graduate business students
Park *et al.* (1989)	Brand extensions, brand associations and memory structure	Actual brands and extensions	MBA students

(continued)

Table I.

Authors	Areas of research	Types of products	Respondents
Park *et al.* (1993)	Associative brand extension strategies	Actual brands and hypothetical extensions	MBA students
Park *et al.* (1991)	Similarity and brand concept consistency	Actual brands and hypothetical extensions	MBA students
Park and Srinivasan (1994)	Brand equity and extensions	Actual brands and extensions, and/or hypothetical extensions	Consumers
Rangaswamy *et al.* (1993)	Brand equity and extensions	Actual brands and hypothetical extensions	Graduate and undergraduate students
Roedder John *et al.* (1998)	Dilution and brand extensions	Actual brands and hypothetical extensions	Women consumers
Romeo (1991)	The effects of negative information on the evaluations of brand extensions	Actual brands and hypothetical extensions	Undergraduate students
Roux and Boush (1996)	Familiarity and expertise in luxury brand extension	Actual brands and hypothetical extensions	Women consumers
Sattler and Zatoukal (1998)	Success of brand extensions	Actual brands and hypothetical extensions	Undergraduate students
Sheinin and Schmitt (1994)	Brand extensions and new product concepts	Actual brands – hypothetical attribute information	MBA students
Smith and Andrews (1995)	Customer certainty and the impact of fit on consumer evaluations	Actual brands and hypothetical extensions	Product/marketing managers
Sullivan (1992)	When to introduce brand extensions	Actual brands	Panel data gathered on brands
Sunde and Brodie (1993)	Replication of Aaker and Keller's model	Actual brands and hypothetical extensions	Undergraduate students
Thompson (1997)	Brand extensions and co-branding	Actual brand and hypothetical co-brand	Type unknown

(continued)

Authors	Areas of research	Types of products	Respondents
Line extension research			
Ambler and Styles (1997)	Managers' evaluations of extensions (studied both brand and line extensions)	Actual brands and extensions	Brand/marketing managers
Kirmani *et al.* (1999)	Ownership, stretch direction, brand image and branding strategy in line extensions	Actual brands and hypothetical extensions	Owners and non-owners of the brands, undergraduate students
Lomax *et al.* (1996)	Cannibalisation of line extensions	Actual brands and extensions	Panel data – consumer purchases
Reddy *et al.* (1994)	Success determinants of line extensions	Actual brands	Data from various sources
Speed (1998)	Line extensions or second brands	Actual brands and extensions/second brands	Managers
Wilson and Norton (1994)	Optimal entry time for a product line extension	Model development	No respondents

Table I.

dilution of the core brand than a brand extension that has good perceived fit (e.g. BMW producing a high performance mountain bike). Consequently, the constructs in the proposed framework are expected to impact upon both brand and line extensions[2].

Consumer evaluations of extensions and the core brand

The majority of extension research has focused on the consumer perspective and their evaluations (attitudes) of an extension and the core brand (e.g. Aaker and Keller, 1990; Nijssen *et al.*, 1996; Milberg *et al.*, 1997). There are two main reasons why particular attention has been given to consumer evaluations. First, consumer evaluations are important, as they are believed to be a key element in indicating extension and core brand success (Aaker and Keller, 1990; Boush and Loken, 1991). Second, favourable consumer evaluations are thought to be essential in developing the equity of a brand (Pitta and Katsani, 1995). Brand equity is defined as the "added value" that a brand endows to a product (Farquhar *et al.*, 1990, p. 856); this added value can be viewed from the perspective of the firm, the trade or the consumer. Although it is possible to measure extension success in a number of ways, such as market share, profitability or number of years the extension has survived (Reddy *et al.,* 1994; de Chernatony *et al.*, 1998), this paper concentrates on the more popular consumer perspective due to its extensive empirical testing in extension research (e.g. Aaker and Keller, 1990; Gail, 1993) and due to the fact that brand equity is closely tied to the development of a competitive advantage in the eyes of the consumer (Nakamoto *et al.*, 1993).

Consumer evaluations of extensions have been operationalised in a number of ways. Aaker and Keller (1990) measured consumer evaluations of extension quality and likelihood of trying the extension. A number of other authors have also used the quality construct to measure consumer evaluations towards the extension and the core brand after an extension introduction (e.g. Keller and Aaker, 1992; Dacin and Smith, 1994; Nijssen *et al.*, 1996). Additionally, researchers have used other constructs such as favourabilty or likeability as measures of consumer evaluations of the extension and the core brand (e.g. Sheinin and Schmitt, 1994; Smith and Andrews, 1995; Kirmani *et al.*, 1999). Common to all such measures is the underlying view that brands need to satisfy consumers' functional (i.e. quality, reliability) and representational (i.e. emotional and symbolic) needs (de Chernatony and McWilliam, 1990). Moreover, consumers need to hold positive beliefs and favourable attitudes towards the core brand (frequently operationalised as quality perceptions of the core brand) for the extension to be successful; such beliefs and attitudes are known as "brand associations" and serve to differentiate one brand from another (Aaker, 1990; Aaker and Keller, 1990). Brand associations reflect "the unique meanings associated with a brand name" (Rangaswamy *et al.*, 1993, p. 62) and extension evaluations will depend upon the prominence of such associations in the extension context (Keller and Aaker, 1992; Glynn and Brodie, 1998). Keller (1993) has classified brand associations into attributes (descriptive features that characterise a product or service, e.g. physical characteristics or product packaging), benefits (the personal value consumers attach to a product or service, e.g. a car which is more economical on petrol or a product which promotes exclusivity) and attitudes (consumers' overall evaluation of the brand, e.g. "like" or "dislike"). There has to be a transfer of favourable associations from the core (original) brand to the extension for the latter to be successful (Aaker and Keller, 1990; Pitta and Katsani, 1995).

Extension research has typically relied on "categorisation theory" as the underpinning theoretical rationale behind its investigations (Park *et al.*, 1993, 1996). When extending a brand name, the transfer of brand associations is largely determined by categorisation judgements, i.e. whether the consumer accepts the new extension as being a suitable member for the new category (Park *et al.*, 1989, 1991). A category exists whenever people treat two or more distinguishable objects equally (Boush and Loken, 1991). When faced with an extension, consumers initially categorise the new introduction by assessing the suitability of its membership in a category that contains a product(s) that has a brand name as an identifiable label (Park *et al.*, 1991; Sheinin and Schmitt, 1994). This categorisation process is particularly relevant for a consumer's awareness and choice of a brand (Nedungadi and Hutchinson, 1985). If the core brand associations are transferred to the extension, then consumers will perceive the extension as fitting with the new category and will accept it (Chakravarti *et al.*, 1990; Park *et al.*, 1991). Research has indicated that categorisation judgements and the transfer of brand associations are particularly affected by consumer perceptions of fit (Aaker and Keller, 1990); it is the latter construct which is at the heart of the proposed framework as discussed below.

Conceptual framework

Consumers do not evaluate extensions in a general undifferentiated way (Aaker and Keller, 1990; Keller and Aaker, 1992; Dacin and Smith, 1994; Smith and Andrews, 1995). Indeed, previous research has identified a number of factors that may affect consumer evaluations of the extension and the core brand following an extension introduction (see Figure 1).

The proposed framework is largely based on insights from the literature previously summarised in Table I. Evaluations of the extension and the core brand rely heavily upon perceptions of fit (Park *et al.*, 1991; Aaker and Keller, 1990). Additionally, a number of moderating factors affect the relationship between fit and evaluations of the extension and the core brand, namely, quality of the core brand, consumer knowledge, branding strategy, portfolio characteristics and consumer certainty (Muthukrishnan and Weitz, 1991; Keller and Aaker, 1992; Dacin and Smith, 1994; Smith and Andrews, 1995; Thompson, 1997). Finally, Figure 1 highlights the main effects perceptions of fit have on extension evaluations (favourable/unfavourable) and core brand evaluations (enhancement/dilution) (Ries and Trout, 1986; Aaker, 1990; Aaker and Keller, 1990). The following section defines the key constructs in this framework,

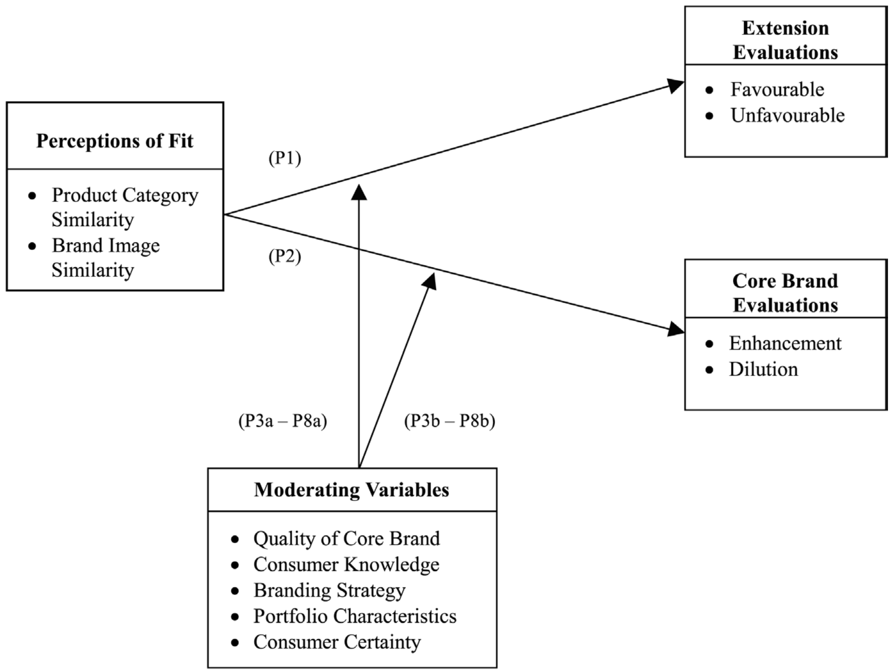

Figure 1.
Conceptual framework

further delineates its boundaries, and generates specific propositions based upon the existing literature.

Fit and its dimensions

Research has shown that consumers' perception of fit is a major consideration when attempting to introduce an extension (Boush and Loken, 1991). The idea of fit can be traced back to Tauber (1981, p. 38) who identified a "rub-off of perceived superior know-how, effectiveness or appropriate imagery", and indicated that there should be "a benefit of the parent brand that is the same benefit offered and desired in the new franchise extension". Perceived fit is achieved "when the consumer accepts the new product as logical and would expect it from the brand" (Tauber 1988, p. 28). Aaker and Keller (1990) suggested that perceptual fit is whether a consumer perceives the new item to be consistent with the parent brand.

Although it is generally agreed that fit is vitally important, there is considerable conflict concerning its dimensions (Muroma and Saari, 1996). Researchers often conceptualise and operationalise perceived fit in different ways (Bhat and Reddy, 1997). Specifically, according to the literature, fit comprises a number of dimensions, including similarity, typicality, relatedness and brand concept consistency (Aaker and Keller, 1990; Farquhar *et al.*, 1990; Boush and Loken, 1991; Park *et al.*, 1991; Gürhan-Canli and Maheswaran, 1998). However, similarity, typicality and relatedness are often confused in discussions of fit and there appears to be little distinction between them (Muroma and Saari, 1996).

The most frequently referred to dimension of fit is "similarity" (Muroma and Saari, 1996; Bhat and Reddy, 1997). Similarity refers to how alike the current and the new product classes are in terms of features, attributes or benefits (e.g. Consumer Behaviour Seminar, 1987; Aaker and Keller, 1990; Boush and Loken, 1991; Park *et al.*, 1991; Broniarczyk and Alba, 1994). The Consumer Behaviour Seminar (1987) concluded that the greater the similarity between the current and the new product, the greater the transfer of positive or negative beliefs to that new product.

The "relatedness" or "typicality" of the new product class to the existing product class has also been mentioned as a dimension of fit (Farquhar *et al.*, 1990; Boush and Loken, 1991; Gürhan-Canli and Maheswaran, 1998). Typicality has been defined as how representative the extension category is of the family brand (Nedungadi and Hutchinson, 1985). It has also been viewed as "the degree to which category members (e.g. different products manufactured by Sony or Sanyo) are representative of the family brand image" (Gürhan-Canli and Maheswaran, 1998, p. 486). As there is a lack of concrete distinctions between similarity, relatedness and typicality, it is extremely difficult to clearly differentiate between these concepts (e.g. Muroma and Saari (1996) suggest that similarity is a measure of the "relatedness" of the two product classes).

It has been further suggested that consumers also assess fit in terms of "concept consistency" between the brand concept (i.e. the "image" portrayed by the brand) and the extension (Park *et al.*, 1991; de Magalhães Serra *et al.*, 1999). The degree to which an extension is seen as consistent with the brand concept is believed to be equally important as the similarity between the product classes (Park *et al.*, 1991; Bhat and Reddy, 1997; de Magalhães Serra *et al.*, 1999). Brand concept consistency is clearly different from the similarity and relatedness of the product category as it considers how a brand image affects consumer perceptions of fit rather than how the latter is affected by the similarity of product features, attributes or benefits. At the same time, brand concept consistency possesses some comparability with the ideas of typicality offered by Gürhan-Canli and Maheswaran (1998) who infer that extensions need to be congruent with the family brand image in order to be positively evaluated (i.e. the extension should have a similar image to the core brand).

In reconciling different views on fit, Bhat and Reddy (1997) propose that fit may comprise two dimensions, namely:

(1) similarity between the product category of the parent brand and its extension (product category fit); and

(2) similarity between the image of the parent brand and its extension (brand image fit).

The present paper adopts Bhat and Reddy's (1997) view, and product category similarity and brand image similarity (i.e. brand concept consistency) are the two main dimensions of fit.

The effect of fit on consumer evaluations of an extension

Favourable consumer evaluations of an extension require the core brand to have a good "fit" with the new product (Aaker and Keller, 1990; Ambler and Styles, 1997; Barrett *et al.*, 1999). Moreover, the better the "fit" the easier it is to extend to new classes (Muroma and Saari, 1996). Research has indicated that attitude towards a brand extension is more favourable when consumers have a perception of good fit (Aaker and Keller, 1990; Sunde and Brodie, 1993; Bottomley and Doyle, 1996). However, there is a lack of investigative research into the effect that fit will have on a line extension. This may be because earlier research (e.g. Consumer Behaviour Seminar, 1987) considered similarity between the product categories as the only dimension of fit, to the exclusion of brand image similarity. From this perspective, line extensions by their very definition will always have good fit and thus researchers may have found no need to investigate them. However, given that brand image similarity is another dimension of fit (see previous section), it is anticipated that the fit between the core brand and either a brand or line extension will have a major impact on consumer evaluations of the extension and the core brand. Indeed, it should not matter whether an extension is categorised as brand or line since it is the overall level of perceived fit that will affect its evaluation. Hence it is proposed that:

- *P1.* Extensions with good fit are evaluated more favourably than those with poor fit.

The effect of fit on consumer evaluations of the core brand

Apart from its effect on the extension itself, there is evidence to suggest that fit also has an effect on the core brand. Specifically, in extending a brand, good fit has been seen to be important for positive consumer evaluations (i.e. enhancement) of the core brand (Keller and Aaker, 1992). Although there is some discussion of enhancement and its basic components in the literature, there is a lack of clear definition of the construct (Aaker, 1990; Gürhan-Canli and Maheswaran, 1998). However, a number of studies suggest that when compared to the original reaction to the core brand, enhancement refers to a more favourable evaluation of the core brand after the introduction of an extension (Keller and Aaker, 1992; Gürhan-Canli and Maheswaran, 1998). Aaker (1990) suggests that if an extension is introduced with a good fit, is aimed at the appropriate consumer segments and is extended to the most relevant categories, the core brand should be enhanced. The values of the core brand can be enhanced by an extension that reinforces brand associations (i.e. good quality, expertise and design) (Aaker, 1990). Equally, the core brand's personality and image may be enhanced by an extension which portrays the symbolic values desired of the core brand (Hankinson and Cowking, 1992; Sherrington, 1995). Indeed, the majority of the literature reviewed suggests that the most important condition for core brand enhancement is the fit between the core brand and the extension (e.g. Aaker and Keller, 1990; Sunde and Brodie, 1993; Bottomley and Doyle, 1996).

Conversely, a wrong extension decision may create damaging associations and confuse potential customers (Ries and Trout, 1986; Loken and Roedder John, 1993; Park *et al.*; 1993, 1996). An extension's major strength, capitalising on an established brand name, can also be its number one weakness: potential dilution of the brand in the long run (Tauber, 1981). Dilution is defined as "a negative change in consumer beliefs" (Roedder John *et al.*, 1998) and occurs when specific extension associations (e.g. an extension of BMW which shows a lack of technological development) are inconsistent with family brand beliefs (Loken and Roedder John, 1993; Park *et al.*, 1993; Roedder John *et al.*, 1998)[3]. Once again the there is a lack of research into the effects of fit on core brand evaluations for line extensions. It is proposed, for reasons already articulated in the previous section, that fit is important to consumer evaluations of the core brand for an extension irrespective of the type of extension involved. Hence it expected that:

P2. Extensions with good (poor) fit result in greater enhancement (dilution) of the core brand than those with poor (good) fit.

Moderating variables

As the conceptual framework in Figure 1 shows, five key moderating variables are expected to influence the nature/strength of the relationship between fit and consumer evaluations of an extension, and the core brand. While several other variables may potentially display moderating effects, they have been omitted from the proposed framework for several reasons.

Specifically, the amount/type of information regarding the extension is not included in the framework as it represents an indirect effect that influences consumers' perceptions of fit and knowledge (see Romeo, 1991; Klink and Smith, 1997; Roedder John *et al.*, 1998); the same applies to variables such as the firm's advertising and positioning strategies (see Nakamoto *et al.*, 1993; Pryor and Brodie, 1998; Sheinin, 1998). Price is left out as there is no empirical evidence that it is an important moderating variable; there is also conflicting evidence that price is linked to quality (for relevant discussion, see Petroshius and Monroe (1987); Zeithaml (1988); Dawar and Parker (1994)) and, therefore, its inclusion may have introduced confounding effects (since quality of the core brand is included in the framework). There is also inconclusive evidence to suggest that consumer involvement will moderate the relationship between fit and extension/core brand evaluations. For example, while Nijssen *et al.* (1996) found significant differences between high and low involvement extension products, Gail (1993) found the link to be very weak; he also found consumer knowledge to be a much stronger explanatory variable than involvement. There is also confusion in the literature as to the exact nature of differences between involvement, risk and knowledge, as these concepts seem to overlap. For, example, Knox *et al.* (1994, p. 265) state that "involvement with a product can be regarded as to the extent to which consumers' product knowledge is related to their self knowledge", while McWilliam (1993, p. 409) suggests that a high involvement brand "carries with it the risk that the buyer might make the wrong decision".

Core brand quality

Perceived quality is defined as "a global assessment of a consumer's judgement about the superiority or excellence of a product" (Zeithaml, 1988, p. 3). There is conflicting evidence on whether high quality perceptions of the core brand increase consumer evaluations of an extension (due to the transfer of positive quality associations from the core brand to the extension). For example, while Bottomley and Doyle (1996) found support for a direct effect of core brand quality, Aaker and Keller (1990) provided evidence to suggest that there was no direct link from the perceived quality of the core brand to extension evaluations. However, using core brand quality to predict extension and core brand evaluations may not be sufficient when used in isolation (Aaker and Keller, 1990). Thus it has been suggested that the level of fit moderates the transfer of core brand quality to the extension (Aaker and Keller, 1990; Bottomley and Doyle, 1996). Contrastingly, it has also been proposed that the impact of fit on extension and core brand evaluations is moderated by the level of quality (Keller and Aaker, 1992). The latter view is adopted here and represented in the proposed conceptual framework; specifically, it is expected that the perceived quality of the core brand moderates the relationship between fit and consumer evaluations of both the extension and the core brand.

There are also different views as to how core brand quality will affect the relationship between fit and consumer evaluations. Aaker and Keller (1990) found that good fit and high quality were necessary for favourable consumer evaluations. Contrastingly, Keller and Aaker (1992) suggest that the higher the level of quality, the lower the impact of fit on consumer evaluations; in other words, a high quality brand should be able to extend further from its product category/image than a lower quality brand. It is therefore proposed that:

P3. The higher the level of core brand quality, the lower the impact of fit on consumer evaluations of (a) an extension, and (b) the core brand.

Consumer knowledge

The level of consumer knowledge is also expected to moderate the effect of fit on extension and core brand evaluations (Muthukrishnan and Weitz, 1991; Broniarczyk and Alba, 1994; Roux and Boush, 1996). Consumer knowledge is made up of two major components, namely familiarity and expertise (Alba and Hutchinson, 1987); familiarity is the number of product-related experiences accumulated by the consumer and expertise is the ability to perform product-related tasks successfully. Again, there is some confusion in the literature on whether consumer knowledge relates to the product, the brand, or both. For example, whilst Muthukrishnan and Weitz (1991) investigate the role of product knowledge, Roux and Boush (1996) and Broniarczyk and Alba (1994) consider brand knowledge. However, there appears to be little substantive distinction made between the two (as both use Alba and Hutchinson's (1987) definition of consumer knowledge).

For present purposes, it is sufficient to note that consumers high in knowledge differ in terms of decision processes and strategies from consumers low in knowledge (Johnson and Russo, 1984; Bettman and Park, 1980). Moreover, "experts" and "novices" differ in their reactions to brand extensions (Broniarczyk and Alba, 1994). Roux and Boush (1996) propose that consumer familiarity results in more refined and complete knowledge structures (e.g. consumers have a better ability to recognise and understand brand images) and a better ability to recall the product. Thus, more knowledgeable consumers will have a clearer idea of whether a potential extension is reasonable or not (i.e. whether or not it "fits" in with the original brand). Consumers with such knowledge will also be sensitive to inconsistencies between a brand and a less plausible extension (Broniarczyk and Alba, 1994; Kirmani *et al.*, 1999; Spence and Brucks, 1997). Gail (1993) also proposes that "expert" consumers will tend to restrict their view of the parent brand's extension possibilities to the brand's specific field of competence (i.e. the products it most typically manufactures). Conversely, non-expert consumers will tend to assess the brand's field of competence as being broader and consequently may accept an extension with poor fit. For reasons expressed above, the level of consumer knowledge should also affect the relationship between fit and core brand evaluations (Roux and Boush, 1996). A consumer with high knowledge should have a greater capacity to discriminate between an extension's fit and judge the core brand accordingly (de Magalhäes Serra *et al.*, 1999). Therefore:

P4. The higher the level of consumer knowledge, the greater the impact of fit on consumer evaluations of (a) an extension, and (b) the core brand.

Branding strategy

The use of two brand names to enhance the acceptance of a brand extension has been frequently proposed in the literature (Park *et al.*, 1993, 1996; Milberg *et al.*, 1997; Thompson, 1997). Such composite branding strategies[4] involve combining two brand names to create a new product extension (e.g. Slim-Fast chocolate biscuits by McVities) and can be used to influence consumer evaluations of an extension (Park *et al.*, 1996).

The effect of fit on extension and core brand evaluations is moderated by the type of branding strategy used (Park *et al.*, 1996). When a composite branding strategy is used, consumers will make categorisation judgements both about the parent (original) and co-brand (Milberg *et al.*, 1997). In this context:

> There should exist a direct positive relationship between consumers' attitudes associated with parent- and co-brands and their attitudes toward extensions bearing both parent- and co-brand names (Thompson, 1997, p. 164).

Furthermore, using a composite branding strategy to introduce an extension can help prevent dilution (negative consumer beliefs) of the parent brand (Park *et al.*, 1993; Milberg *et al.*, 1997; Kirmani *et al.*, 1999). It can also improve consumer evaluations of extensions that belong to dissimilar product categories (Milberg *et al.*, 1997). This is due to consumers being able to transfer the associations linked with the new (associated) brand name to the new extension category, while at the same time enjoying the benefits from the core brand (Milberg *et al.*, 1997). In this context, a firm is more likely to consider a composite branding strategy when the fit between the core brand and the proposed extension is poor (Park *et al.*, 1993). When there is good fit, a composite branding strategy should not really be needed as positive associations will be transferred to the extension from the core brand. Thus, it is proposed that a composite branding strategy will help to reduce the potentially negative impact of extensions with poor fit. Specifically:

P5. A composite branding strategy reduces the negative impact of an extension with poor fit on consumer evaluations of (a) the extension and (b) the core brand.

Portfolio characteristics

Dacin and Smith (1994) propose that the number of products and the different categories with which the brand is associated constitute "portfolio characteristics". They found that fit was not as important a variable once the brand has been extended into multiple product categories. In other words, a brand with many products across many categories in its portfolio may find it less risky to extend[5]. Extending a single product brand into a new category is a more risky strategy (Kardes and Allen, 1991); if the extension has poor fit, then the potential negative effects upon the original brand will be greater than if the brand has already been extended into multiple product categories (Dacin and Smith, 1994). Hence:

P6. The fewer the number of product categories with which the core brand is associated, the greater the impact of fit upon consumer evaluations of (a) the extension and (b) the core brand.

The impact of fit upon consumer evaluations of extensions also decreases as portfolio relatedness decreases (i.e. where the products in the portfolio are less related in terms of the product categories entered) (Kardes and Allen, 1991; Keller and Aaker, 1992; Dacin and Smith, 1994)[6]. Therefore, when the products in a brand's portfolio are highly related, fit will have a greater impact on extension and core brand evaluations than when the portfolio of products are more diverse. Hence:

P7. The more related the products are in a brand's portfolio, the greater the impact of fit upon consumer evaluations of (a) the extension and (b) the core brand.

Consumer certainty

The final moderating variable in the proposed framework is consumer certainty. Consumer certainty refers to the ability of a company to provide an extension that meets consumer expectations (Smith and Andrews, 1995)[7].

Keller and Aaker (1992, p. 37) use the term "company credibility", which is defined as "the extent to which consumers believe that a company can deliver products and services that satisfy customer needs and wants". Although not specifically addressing the moderating affects of company credibility, Keller and Aaker (1992) suggest that an interaction occurs between company credibility and fit. Similarly, Smith and Andrews (1995) empirically show that the effect of fit on consumer evaluations of an extension is moderated by consumer certainty[8]. Thus, when a customer believes that the company has the ability to provide the new product, the fit between the core brand and the new extension should have less of an impact on consumer evaluations (of the extension and the core brand). Formally:

P8. The higher the level of consumer certainty, the less the impact of fit on consumer evaluations of (a) an extension, and (b) the core brand.

Conclusions and directions for future research

This paper has provided a review of extension literature and offered a conceptual framework that can be used to understand consumer evaluations of extensions and the core brand and, therefore, guide future extension decisions. It has also identified gaps in existing extension research and generated specific propositions providing concrete directions for future study.

The proposed framework also provides an operational context for the empirical investigation of the propositions advanced. As theory testing is the main objective involved, a "true" experimental design, whereby respondents are randomly assigned to treatment conditions, is recommended; "true" experimental designs allow for strong tests of causality, thus aiding the internal validity of the research (Calder *et al.*, 1981, 1982)[9]. The specific type of experimental design selected should be able to reveal whether there is an association between extension fit and consumer evaluations of the extension and the core brand (*P1* and *P2* respectively). Hence, manipulation of perceived fit levels is necessary to create different treatment conditions (i.e. good versus poor fit). Next, given that, in addition to the extension itself, fit is expected to influence consumer evaluations of the core brand, a before-after design (Mitchell and Jolley, 1996) would be necessary to capture any enhancement/dilution effects. As far as the impact of moderating variables on consumer evaluations of the extension (*P3a-P8a*) and the core brand (*P3b-P8b*) are concerned, such variables must be explicitly included in the experimental design either as co-variates (as in the case of continuous variables such as consumer knowledge) or as additional factors (in the case of discrete variables such as branding strategy). Table II shows an example of an experimental design that satisfies the methodological requirements implied by the proposed framework[10].

Regarding future research, the literature review revealed a lack of clear distinction between different dimensions of fit (i.e. similarity, relatedness and typicality). Thus, future research is needed to properly sort out the conceptual differences (if any) between these dimensions of fit and develop operational measures for them.

Future research should also attempt to assess the relative importance of and the potential interactions among the moderating influences and their subsequent effect on the relationship between fit and consumer evaluations. For example, is there a positive relationship between the level of core brand quality and consumer certainty? Will a composite branding strategy aid an extension with poor fit when consumers have low knowledge? When the core brand is of high quality will it matter how many categories it has already been extended to? These types of questions are important in facilitating an understanding of the role of each moderating influence, and their combined effects on the relationship between fit and consumer evaluations.

Although consumer evaluations of extension success have been the focus of a great many studies, consumer evaluations of the core brand have received much less attention. Although there is growing literature that emphasises the potential negative effect extensions can have upon the core brand (e.g. Ries and Trout, 1986; Loken and Roedder John, 1993; Park *et al.*, 1993, 1996), there is a paucity of empirical studies measuring the enhancement of the core (original) brand. The enhancement or dilution of the existing equity built up by a brand should be of equal importance to managers as the success of the extension itself and thus warrants further attention (Gürhan-Canli and Maheswaran, 1998). While the proposed framework has indicated the conditions under which fit is likely to have a greater/lesser impact on core brand evaluations (i.e. enhancement/dilution), empirical evidence is clearly needed before normative guidelines can be issued to practitioners.

A considerable amount of extant research has examined hypothetical extensions and sometimes even fictitious brands; also, the types of respondents for many of these studies have been limited to students (see Table I). Such research, whilst valuable in developing the conceptual understanding of the domain of interest, may not be directly transferable to actual extension settings (Barrett *et al.*, 1999). To enhance the practical usefulness of extension research, it is necessary to conduct further replications of these studies with real extensions to detect whether the key concepts hold true across different consumer segments, product categories, and industries (Lynch, 1999).

Table II.
A suggested experimental design

Randomisation	Before-measurement	Experimental treatment	After-measurement
Experimental group No. 1	Core brand evaluations, moderating variables	Good fit	Core brand evaluations, extension evaluations
Experimental group No. 2	Core brand evaluations, moderating variables	Poor fit	Core brand evaluations, extension evaluations
Control group	Core brand evaluations, moderating variables	Not exposed to extension introduction	Core brand evaluations

Finally, attention in the trade and academic literature has been recently drawn to the brand personality construct (e.g. Aaker, 1997; Jones *et al.*, 1997). Brand personality can act as a differentiation tool, especially in today's markets where brands have increasingly similar attributes (de Chernatony and Dall'Olmo Riley, 1998). It can also act as a central device to drive consumer preference and usage (Biel, 1993). However, there is a lack of research into the effects extensions can have upon core brand personality. For example, how will the introduction of contrasting types of extension (i.e. in terms of degrees of fit) affect brand personality? How far can brands extend without harming their core personality? How can an extension enhance a brand's personality? These questions are of particular importance to today's brand strategists and thus constitute a particularly fertile area for future research.

Attention to the issues outlined above will help to develop further a deeper understanding of the key influences associated with extending a brand, and ultimately, lead to concrete, empirically-based guidelines on which to base future branding strategies.

Notes

1. For example, although Sattler and Zatoukal (1998) identify 18 factors of success from a review of 36 extension studies and allocate them to seven groups, they do not integrate them into a coherent framework.
2. One can also distinguish between horizontal and vertical extension strategies. A horizontal strategy is where an existing brand name is applied to a new product introduction in either a related product class, or in a product category completely new to the firm (Sheinin and Schmitt, 1994). A vertical strategy, on the other hand, is where an extension is introduced into the same product category as the core brand, but at a different price and quality level (Kim and Lavack, 1996). However, for reasons already discussed, it is the level of fit rather than the type of extension that is the key issue of concern.
3. It is important to note that cannibalisation, i.e. "gaining sales for a new product by diverting them from an existing product" (Kerin *et al.*, 1978, p. 25) can also affect the core brand. However, cannibalisation is not directly applicable to the conceptual framework presented as it is not a consumer evaluation (attitude). Therefore, studies focusing on cannibalisation effects are not included in this paper (for relevant references see Copulsky, 1976; Kerin *et al.*, 1978; Moorthy and Ping, 1992; Lomax *et al.*, 1996).
4. Other writers also consider this type of strategy but use different terminology. For example, Thompson (1997) refers to "co-branding"; Park *et al.* (1993) suggest the term "associative" brand extension strategies; and Milberg *et al.* (1997) use the term "sub-branding" strategy.
5. A related issue concerns the timing of extension introductions. However, this stream of research is not concerned with consumer evaluations as a measure of extension success but focuses on issues such as profitability, market share and failure rates (see Wilson and Norton, 1989; Moorthy and Ping, 1992; Sullivan, 1992; Reddy *et al.*, 1994; Kerin *et al.*, 1996; Lomax *et al.*, 1996).
6. Portfolio relatedness refers to the diversity of products that are affiliated with a brand (Dacin and Smith, 1994). Therefore, the more diverse the products, the less the relatedness of the products in the portfolio. Reddy *et al.* (1994) also propose other company characteristics such as a firm's marketing competency (i.e. as marketing competency increases, the chance of extension success increases) and the amount of advertising support (i.e. the more money spent, the greater the chance of success of the extension) contribute to the success of an extension. However, Reddy *et al.* (1994) focused on market

share rather than consumer evaluations as the measure of success. There is no evidence to suggest that a firm's general marketing competency and amount of advertising support will play a critical role in directly affecting consumer evaluations of an extension and the core brand. Such influence, if any, is likely to be channelled via consumers' perceptions of fit, core brand quality, etc., which are already represented in the framework.

7. Han and Schmitt (1996) used company size as a proxy for consumer certainty and found that size was important for Hong Kong consumers but not for American consumers, for which fit was much more important.
8. Han and Schmitt (1996) also show that an interaction occurs between fit and consumer certainty. They suggest that consumers may judge whether the company behind the extension is trustworthy and reliable.
9. Note also that, given the emphasis on theory building, homogeneous samples (e.g. students) could be legitimately used as experimental subjects; this is because "statistical generalization of the findings is not the goal. It is the theory that is applied beyond the research setting . . . homogeneous samples are preferred because they typically provide a stronger test of the theory" (Calder *et al.*, 1981, p. 200).
10. Note that other, more complex, designs could also be employed; for example, multiple levels of fit could be used as experimental treatments (e.g. poor vs moderate vs excellent) and/or post-treatment measurements could be taken at multiple points in time (e.g. to detect any differences between short- and long-term enhancement/dilution effects). However, the more sophisticated the design, the greater the requirements in terms of subjects (i.e. sample sizes) to enable the detection of experimental effects (e.g. see Christensen, 1988).

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