

Consumer evaluations of brand extension: The impact of brand relationship quality and naming strategy

Busacca, Bruno (2008). "Consumer evaluations of brand extension: The impact of brand relationship quality and naming strategy". EsicMarket, 130, pp. 223-247.

Bertoli, Giuseppe (2008). "Consumer evaluations of brand extension: The impact of brand relationship quality and naming strategy". EsicMarket, 130, pp. 223-247.

Pelloni, Ottavia (2008). "Consumer evaluations of brand extension: The impact of brand relationship quality and naming strategy". EsicMarket, 130, pp. 223-247.

Abstract

The document analyses the impact of brand relationship quality and naming strategies on the success of brand extension through research based on an experimental 2x2x2 design. The independent variables taken into consideration are: the perceived fit between the product categories involved in the decision to expand (high vs. low); the name chosen for the new product (predominance of the parent brand vs. sub-brand); the level of brand relationship quality (high vs. low). The dependent variable object of analysis is the consumers' evaluation of the expansion.

The results show that in the presence of high brand relationship quality, the consumers value extension more favourably, no matter what the level of category fit. However, in situations of high (low) category fit and high brand relationship quality, the evaluation of the extension is better if the predominance of the parent-brand (sub brand) is greater in the naming of the new product. If the brand relationship quality is low, the consumers' evaluation is not influenced by the naming strategies.

Keywords: Brand extension, brand relationship quality, naming strategy.

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1. Introduction

The strategies of brand extension have become more relevant on the executive-administrative plane because of the direct impact they have had on the opportunities for creating value. This relevance has resulted in multiple studies whose aim is to further investigate the factors that can influence the success of the strategies.

Among them, the literature has initially demonstrated the basic effect caused by the category *fit* (Aaker and Keller, 1990; Boush and Loken, 1991; Russel *et al.*, 1999; Jun *et al.*, 1999). In light of the success obtained by the extensions carried out in product categories different to the original, the literature has successively expressed the concept of fit, concentrating on *brand associations*. In particular, research has demonstrated that the influence on the consumers' opinions made by the relationship among such associations and the proposed extension (*brand fit*), is often estimated to be greater than that felt by the category fit (Park *et al.*, 1991; Aaker and Keller, 1992; Broniarczyk and Alba, 1994; Han y Schmitt, 1997; Swaminathan *et al.*, 2001).

The development of the studies carried out has lead us to consider the role played by other variables of a *brand-specific* nature: the perceived quality of the brand and the sequence of the extensions progressively carried out (Aaker and Keller, 1992; Gronaug, 2002); the number of products pointed out by it and the uniformity and constancy of the qualitative level of the different products to which the same brand is applied ((Dacin and Smitt, 1994); the familiarity with the brand (Martinez and De Chernatony, 2004); its reputation (Hem *et al.*, 2003); and so on.

The investigations done on *brand extension* are, as a result, numerous; however, it is still necessary to delve into different aspects, whether it be the area of theoretical analysis or that of the empirical research. Among these, an interesting aspect is shaped by the impact made on such decisions by the relationship between brand and consumers.

Our study proposes to study such aspects in depth by incorporating the line of investigation opened by Park and Kim (2001) and Park *et al.*

(2002), based on the conceptual framework proposed by Fournier (1998). More specifically, the objective of the investigation is, firstly, to confirm the positive effect that strong relations between brand and consumers can have on the extension of said brand. Secondly, the investigation concentrates on the effect the possible naming of the new product to be extended can have, with a view to verifying if and how it interacts with the quality of the relationship between brand and consumers.

The document is structured in the following way: point 2 provides a summary of the investigative literature on quality with regard to brand and it illustrates the investigative hypothesis; point 3 explains the methodology of investigation, the measurement scales used and results obtained; finally, point 4 deals with the principal marketing implications of the analysis carried out.

2. Background theory and investigative hypothesis

In marketing studies, the relationship between brand and consumer holds a key position. A rather interesting perspective assumes that within the study of the phenomenon the basic principles of interpersonal relations should be taken into consideration. The consumers can, in fact, interact with the brands according to the modalities which reflect those produced among individuals. (Fournier, 1998; Aaker *et al.*, 2004; Aggarwal, 2004).

This research proposal has been defined mainly thanks to Fournier's work (1998), which proposed the building of *brand relationship quality*. This refers in general to the contribution that the interaction with the brand has on consumers on a daily basis. From this point of view, this represents an evolution in belief in the brand, which goes to the extent of including that which the brand provides – in terms of meaning and consequently social and psychological well-being – in the life of a consumer.

The *brand relationship quality* increases both the positive effects of emotional and cognitive associations with the brand as well as the reach of *brand awareness*, increasing with the potential of extension. The dimensions in which this theory is organised progressively dissolves the

product-brand relationship and favours the inclusion of the latter in systems created by consumers, not only to gain functional advantages but also to give meaning to their lives. This dissolution is the result of a process of abstraction which results in a lessening of the “brand” connection → identified by it → primary and secondary utilities” and in the transformation of this connection on a broader level: “brand → feelings of attachment and self-identity → psychological and social well-being”. Through this process, the brand becomes something else besides a market technical category, consequently widening its own extension potential.

In light of such considerations, the main investigative objective of this piece of work is to further analysis the effect which the existence of strong ties between brand and consumers can have on the success of a brand *extension* decision. The existing studies are few. Noteworthy is the research carried out by Park and Kim (2001) in which the authors analyse the interrelationships between the perceived quality of the brand, the quality of the relationships obtained by the consumers and their intentions of acquisition expressed in comparisons with the new product. In further detail, the study demonstrates that the relationship between brand and consumers influences the intent of purchase in two ways:

- Indirectly, generating perceptions of greater quality of the products subject to extension, which causes them to have a better chance of being sold. The size of such effects depends on the degree of fit that exists between the categories of the product involved in the operation.
- Directly, influencing the consumers’ intent of purchase, the quality obtained through extension and the degree of similarity between the new category and the original must therefore be done without.

The authors show how the quality measurements of the brand-consumer relationship used are simple, promoting replicas of the study through estimated, more complete and refined outlines, referring explicitly to the brand *relationship quality* theory proposed by Fournier (1998).

In a later investigation the same authors – in collaboration with J.K. Kim (2002) – made this theory “operational”, demonstrating how with high levels of brand relationship quality, consumers react better to the extension (both in terms of evaluation as in intent of purchase).

In this situation, the means-ends which the *memory network* summarises and with which the consumers represent the brand (Gutman, 1982; Anderson, 1983a and 1983b; Olson and Reynolds, 1983; Reynolds and Gutman, 1984) achieve a high level of abstraction. The exposure to stimuli concerning the brand does not elicit only functional benefits or the connection with specific product categories; to this must be added the values which express the relationship between the consumer and the brand, the feelings which bring them together, the meaning which the brand can transmit to the consumer during his lifetime (Aggarwal, 2004). All of this should result in an increase of the brand extension potential.

Based on the evidence synthetically outlined, a first point of interest of this work mentions the existing relations between the relative quality of the brand and the perceived fit in relation to the categories involved in the *brand extension* decision. The literature has widely shown that the choices of extension based on a high perceived fit receive a more favourable attitude from the consumer in regard to the new product. In the case of noticeable similarity between the category of the original product and that which is being extended, it is easier for the consumer to transfer his positive attitude about the brand to the new product, especially when we refer to the capacity of the brand to satisfy the benefits of a functional nature (Boush and Loken, 1991).

On the other hand, for the above mentioned reasons, the existence of a high brand relationship quality broadens the meanings attributed to the brand beyond the functional benefits offered by the product, identifying, lessening the derived links of the perceived fit and increasing extension potential (Aggarwal and Law, 2005). Consequently, the minute a brand can have a high *brand relationship quality*, it is valid to assume that, as in the case of a reduced perceived fit at the level of product category, the atti-

tude towards the extension improves significantly. From this the first hypothesis of investigation is obtained:

H1) consumers who ascribe a brand with relative high quality react more favourably towards extension than those who give the same brand a low or nonexistent relative quality, no matter what the perceived fit.

A second area of interest for our research refers to the effects of existing interactions between the relative quality of the brand, the level of perceived fit and the choices relative to the naming of the new product which is to be extended. Specifically, it has the intention of further studying the influence had by brand *relationship quality* on the relationship between the perceived fit and the naming choices of the extension.

With regards to all of this, it has been noticed that when there is the risk of a negative evaluation of the extension (for example, due to a take-over by the extension of elements associated with the brand which do not suit the new product category), it is advisable for the information campaign to point out the information about the new product rather than remind consumers of the original product. (Aaker and Keller, 1990; Bridges *et al.*, 2000). From here, the idea of adapting the naming of the new product to the degree of existing perceived fit among the categories involved in the operation arises, through a choice of *sub-branding*; that is to say, through the approximation of the new name to the original brand in order to be able to create later ideal associations to facilitate the acceptance of the new product.

This would be to draw attention to *brand knowledge* established in traditional business, reducing the connections created by the possible existing distance between this and the new product category to be expanded. Furthermore, the possibilities of negative consequences would be significantly reduced on the parent-*brand*, in as much as this and the *sub-brand* would be “distanced” from the cognitive point of view regarding the strategic market positioning. Specifically, Keller and Sood (2003, p. 14) obser-

ve that: “Sub-branding (...) credibly sends a signal to consumers to expect differences in the extension and distances the extension from the parent brand. Sub-branding strategies can thus alter consumer attributions regarding whether or not the parent brand should be held directly responsible for failed extensions. (...) Thus, sub-branding is one managerially controllable factor that permits firms to engage in a more active extension strategy, allowing the brand to ‘make mistakes’ and extended farther than otherwise would be the case”.

The choice of carrying out the brand extension by turning to *sub-branding* highlights the problem of *prominence*, i.e., the relative visibility attributable to the *parent-brand*, with regard to the *sub-brand* (Keller, 1998). In relation to this, it would be worth taking into account that in the case of the great distance between categories, it would be preferable to give predominance to the *sub-brand*; in the opposite situation (high *category fit*) however, it is understandable that the consumers do not have problems in transferring the positive attitude towards the brand of the new product and should therefore be opportune to give more visibility to the *parent-brand*.

On the other hand, the hypothesis that the choice of name can influence the evaluation of the extension only in the case in which the consumers attribute the brand a high level of relationship quality does not seem risky. In fact, in a similar situation, the consumers are strongly united with the brand in a cognitive, affective and behavioural sense, and this union can become more or less easily transferable to the new product depending on the naming choices. Therefore, in presence of a high *brand relationship quality*, the existence of a great perceived fit should lead to giving predominance to the *parent-brand* in naming the new product, while in the opposite hypothesis (low *category fit*) it would be preferable to give more visibility to the *sub-brand*. In the case of little relationship quality, the brand does not generate particular meanings to the consumers, which indicates that the effects of the naming choices be, in substance, insignificant. Of the reflections suggested we obtain a second hypothesis of investigation:

H2a) in a situation of great category fit and great brand relationship quality, the consumers value the extension more favourably if the name of the new product has greater prominence of the parent-brand, while the value the consumers' attribute to the scarce (or null) brand level of relationship brand quality is not influenced by the type of name adapted by the new product.

H2b) In situations of scarce category fit and high brand relationship quality, the consumers value the extension more favourably if the name of the product is greater than the prominence of the sub-brand, while the value the consumers attribute to the brand a modest (or null) level of relationship quality is influenced by the type of name adapted by the new product.

3. The articulation of the investigation

The investigation planned in order to verify the abovementioned hypothesis is divided into the following phases:

- individualisation of the brand under experiment;
- selection of the measurement scales relative to the theories used;
- preliminary studies with the aim of individualising the most appropriate categories of extension in order to propose them in the final questionnaire;
- selection of the sample of consumers and carrying out of interviews;
- verification of the reliability of the measurement scales used and adequate comprehension of the stimuli;
- verification of the hypothesis.

3.1. The individualisation of the brand

As regards the brand, we have decided to carry out the experiment in reference to the Apple-Macintosh *brand*. This choice came about for the following motives. Firstly, Apple-Macintosh, as well as being one of the market leaders in computers and notebooks, stands out for also having

internally developed operative software, which makes it the main competitor of Microsoft in this activity. Obviously this gives rise to the substantial incompatibility that exists between the software components of the two brands and, as a consequence, the need for consumers to choose between one or the other. This leads to the hypothesis that those who use these brands are characterised by a well defined and coherent structure of preferences, which can be analysed through the theory of the *brand relationship quality*.¹

Secondly, the brand Apple-Macintosh is aimed at a wide variety of client segments; in particular, although their distinctive characteristics (care and design innovation, nice and simple graphic interface) are in all probability greatly appreciated by young people (the great success of MP3's comes to mind), in the traditional sector (personal computers) this brand has traditionally stood out through the possibility of its use in the professional environment.

Finally, as it is a brand that works only with two product categories (computers and multimedia readers), the current state of extension potential of the brand has scarcely been explored. Such a characteristic has greater importance for the objectives of our investigation, as it allows for easier elaboration of the potential expansion, i.e., the stimuli supplied by carrying out the experiment.

3.2. Measurement scales

To measure the relative theories of the hypotheses formed, we have turned to *multi-item* indexes based on the 7 point scales, already tested in literature. Table 1 shows, for each scale, the number of *items* used and the sources to which they refer.

(1) It is interesting, at this point, to remember Aggarwal (2004, p. 87), exemplifying the proposal of relationships between brands and consumers (and of the analogy such relationships present with those existing in a social context): "There is abundant anecdotal evidence of people being crazy about some brands. (...) The love affair that some consumers have with their favorite bug can be seen on the innumerable Web sites where consumers have shared their intimate experiences with the brand. Mac users, reputed to be very passionate about their brand, have Web pages known to feature an altered picture of Bill Gates that includes devil-style horns, entitled 'Save us from Gates of hell'. I personally know an advertising executive who got the Apple logo of Macintosh tattooed on his chest – next to his heart!".

Table 1. The measurements used: a synthesis

Theories	Scales of measurement	Number of items	Sources
Brand relationship quality	Scale 1 (total disagreement) – 7 (total agreement)	34	Park <i>et al.</i> (2002)
Perceived fit between categories	Likert Scale 1 (no similarity/coherence) – 7 (high similarity/coherence)	2	Hem & Iversen (2003)
Consumers evaluation of the new product	Likert 1 Scale (pessimistic/low quality) – 7 (optimum/high quality)	5	Zhang & Sood (2002); Park <i>et al.</i> (2002)
Familiarity of the consumers with the product category in which the extension is produced	Likert 1 Scale (no familiarity) – 7 (high familiarity)	2	Alba & Hutchinson (1987)
Probability of extension purchase	Likert 1 Scale (no probability) – 7 (high probability)	1	

3.3. The preliminary research

To develop the questionnaire in the best possible way, and to modulate the present stimuli, a previous test has been carried out in which 42 people took part, and aimed at identifying the product categories perceived as “similar” or “different” with regard to the original category in which Apple-Macintosh works (personal computers and multimedia readers), with the aim of defining the categories characterised by a high or modest perceived relationship, with regard to which hypothesize the extension of the brand. The product categories considered are the following: mobile phones, digital cameras, video consoles, televisions, pocket-size computers, and sportswear.

Adopting the same process followed in the experiment by Keller and Aaker (1992) – the participants have been asked to write on a piece of paper their similarity opinions, on a scale of 1 (no similarity) to 7 (perfect similarity), between the most well-known products of the Apple-Macintosh brand and the rest of the products considered. The results are shown in table 2.

Table 2. Average and average squared-deviation of the similarity opinions between personal computers/multimedia readers and the other product categories analysed

Similarity between mobile phone and ...	Average of opinions	Average squared-deviation of the opinions
Mobile phone	3.7976	1.21002
Digital camera	4.1786	1.37407
Video console	4.8690	1.19480
Television	4.0476	1.46008
Pocket-size computer	6.3690	0.84145
Sportswear	1.8571	1.15972

Once the answers were considered, we decided to conduct the experiment with regard to the following expansions:

- extension with high *category-to-category* relationship: pocket-size computer;
- extension with scarce *category-to-category* relationship: sportswear.

At this point, brief descriptions of the possible expansions to be presented to the interviewees have been predisposed, in the category of pocket-size computers and sportswear. In regard to the name of the new product, we have hypothesized that, due to the predominance of the *parent-brand*, the extension is called “APPLE *Ergos*”, while the predominance of the *sub-brand* is called “ERGOS *by Apple*”. In table 3 the descriptions of the product used in the experiment are shown, while figure 1 synthesises the stimuli to which the sample was exposed.

Table 3. The descriptions of the product given to the interviewees

<p>APPLE <i>Ergos</i></p> <p>APPLE <i>Ergos</i> is a very light, handy, pocket-size computer. It uses an operative system (Mac OS M) made expressly by Apple-Macintosh and has an Intel processor, which guarantees reliability and speed. It has a wide display and 64/128 MByte of RAM memory.</p> <p>It offers a wide and very complete range of functions, among which is included a telephone connection through GSM/GPRS networks, a GPS receptor with the possibility of installing satellite navigation programmes, wireless connection with Bluetooth technology and a 2.0 Mega pixel camera.</p> <p>It is available in two colours (black and white).</p>	<p>ERGOS <i>by Apple</i></p> <p>ERGOS by Apple is a very light, handy, pocket-size computer. It uses an operative system (Mac OS M) made expressly by Apple-Macintosh and has an Intel processor, which guarantees reliability and speed. It has a wide display and 64/128 MByte of RAM memory.</p> <p>It offers a wide and very complete range of functions, among which is included a telephone connection through GSM/GPRS networks, a GPS receptor with the possibility of installing satellite navigation programmes, wireless connection with Bluetooth technology and a 2.0 Mega pixel camera.</p> <p>It is available in two colours (black and white).</p>
<p>APPLE <i>Ergos</i></p> <p>APPLE <i>Ergos</i> is a line of sportswear aimed at satisfying the needs of both amateurs and professionals.</p> <p>It has a wide range of very technical garments (T-shirts, shorts, all-in-ones, sleeveless T-shirts etc.) aimed for use in a large number of sports (running, fitness, gymnastics etc.) They are lightweight, resistant and breathable. Designed to adequately fit the needs of the most demanding sportspeople, they have been made with technologically advanced materials and they are characterised by a wide range of bright, vivacious colours.</p>	<p>ERGOS <i>by Apple</i></p> <p>ERGOS by Apple is a line of sportswear aimed at satisfying the needs of both amateurs and professionals.</p> <p>It has a wide range of very technical garments (T-shirts, shorts, all-in-ones, sleeveless T-shirts etc.) aimed for use in a large number of sports (running, fitness, gymnastics etc.) They are lightweight, resistant and breathable. Designed to adequately fit the needs of the most demanding sportspeople, they have been made with technologically advanced materials and they are characterised by a wide range of bright, vivacious colours.</p>

Figure 1. Synthesis of the proposed stimuli

		Prominence	
		Parent-brand	Sub-brand
Category fit	High	Pocket-size computer APPLE <i>Ergos</i>	Pocket-size computer ERGOS <i>by Apple</i>
	Low	Sportswear line APPLE <i>Ergos</i>	Sportswear line ERGOS <i>by Apple</i>

3.4. The sample selection and interviews

The sample selection of consumers has been provided by the features of the brand mentioned above. Particularly, considering the variety of client segments targeted by the Apple-Macintosh brand, we thought it opportune to use a casual sample, aged between 18 and 60. The interviewees have been recruited outside some computer article outlets, they were given a paper questionnaire which they had to fill in individually and which contained the measurement scales relevant to the research objectives.²

The questionnaire had a filter question at the beginning, in order to verify the interviewees' knowledge of the Apple-Macintosh brand. Only subjects who responded affirmatively to this question continued the analysis. The subjects in question came to a total of 248 (58% men and 42% women), aged around 27. These subjects were divided fairly into four groups, each one of which was given a product card corresponding to one of the four possible expansions, followed by the actual questionnaire.

(2) The interviews have been conducted under the supervision of one of the authors, Doctor Leonardo Toscano, to whom we express our gratitude for his perseverance and the quality of the work carried out.

After reading the product card, the subjects involved in the survey were asked to evaluate the extension presented. Afterwards, they were asked questions aimed at measuring the quality of the relationship existing between the interviewees and the brand under consideration, the familiarity of the subjects with the category which the new product they are evaluating comes under, and also the control measures about the level of perceived fit between the traditional product categories of the Apple-Macintosh brand and those in which the two hypothesised expansions take part. Finally, the socio-demographic information of the interviewees was revealed (sex and age).

3.5. The verification of the measurement scales and the understanding of the stimuli

With the aim of verifying the adequacy of the scale used to measure the *brand relationship quality*, an explorative factor analysis was carried out. The factor analysis, which has managed to explain 71.4% of the group's variation, has confirmed the validity of the scale and the existence of diverse dimensions of the theory we are examining (*Love, Self connection, Commitment, Intimacy, Brand partner quality*). However, for the objectives of the present analysis, *brand relationship quality* has been treated as one unique global theory – in line with the solution adopted by Park and Kim (2002). It has been shown that the reliability of this theory is high (alpha di Cronbach =0.96).

We successively proceeded to verify the adequacy of the rest of the measurement scales present in the questionnaire: the evaluation of the expansion, the familiarity with the category under which the new product comes, the similarity perceived between the product categories. Each scale has been subject to a factor analysis, with a view to verifying the unidimensionality of the theories. All the factor analyses have given satisfactory results. Afterwards, by means of calculating the Alpha di Cronbach index, the reliability of the scales has been verified. The results are given in table 4.

Table 4. The verification of the reliability of the measurement scales used

Variable	Scale	Number of items	Alpha di Crombach
Relationship quality of the brand	Likert 1 (total disagreement) – 7 (total agreement)	25	0.,96
Perceptive relationship between categories	1 (no similarity) – 7 (high similarity)	2	0.79 (sportswear) 0.82 (pocket-size computer)
Evaluation of the expansion	1 (terrible, low quality) – 7 (optimum, high quality)	5	0.92
Familiarity with the category under expansion	1 (no familiarity) – 7 (high familiarity)	2	0.83

Finally, the adequate comprehension of the stimuli given to the interviewees has been verified through the T-test. The coherence perceived between the original product category and each of the two categories in which the hypothetical expansions have been placed, has turned out to be very different. Particularly in the case of the sportswear, which has had a mean value of 2.35, and the pocket-size computer, whose value has turned out to be exactly 5.95, $t(247) = -36.473$, $p < 0.001$.

3.6. The verification of the hypothesis

In summary of the abovementioned, the present investigation adopts an experimental 2x2x2 design between the groups. The independent variables taken into consideration have been: the perceived fit between the product categories implied in the extension decision (high vs. low); the name of the new product (predominance of the *parent brand vs. sub-brand*); the level of relationship quality associated to the brand by the consumers (high vs. low). The dependent variable under analysis is the consumers' evaluation of the expansion.

In order to verify the hypothesis in which the investigation has been concentrated, 248 subjects involved in the investigation have been subdivided into 2 groups, characterised respectively by low and high *brand relationship quality* (BRQ). For this aim, the data has been “split,” using as a

base the mean value (2.70) of the global index of the BRQ. In this way it has been possible to assign 124 subjects to the first group (low BRQ, exact mean of 1.97) and 124 subjects to the second (high BRQ, exact mean of 3.77). The validity of this subdivision has been verified by means of a t-test, which has shown how the BRQ values are significantly different: $t(246)=492.7, p<0.0001$. Based on the subdivision carried out, each of the eight experimental cells is made up of 31 subjects.

At this point, an analysis of the variable has been carried out, taking the perception of the relationship, the relationship quality of the brand and the type of name given to the new product as antecedents; the evaluation of the extension as a dependent variable; the familiarity with the product category of the extension and the sex of the interviewee as variables of control. The results of this analysis are summarised in table 5.

Table 5. The results of the analysis of the variables

Source	Type III Sum of Squares	Df	Mean Square	F	Sig.
Corrected Model	233.711(a)	16	14.607	20.556	.000
Intercept	303.034	1	303.034	426.450	.000
Età	1.61E-006	1	1.61E-006	.000	.999
BRQ_Group	129.861	1	129.861	182.749	.000
FIT	56.635	1	56.635	79.700	.000
STRAT	.893	1	.893	1.257	.263
Gender	1.488	1	1.488	2.095	.149
BRQ_Group * FIT	14.737	1	14.737	20.740	.000
BRQ_Group * STRAT	.494	1	.494	.695	.405
FIT* STRAT	3.649	1	3.649	5.136	.024
BRQ_Group * FIT * STRAT	7.156	1	7.156	10.070	.002
Error	164.148	231	.711		
Total	6425.080	248			
Corrected Total	397.859	247			

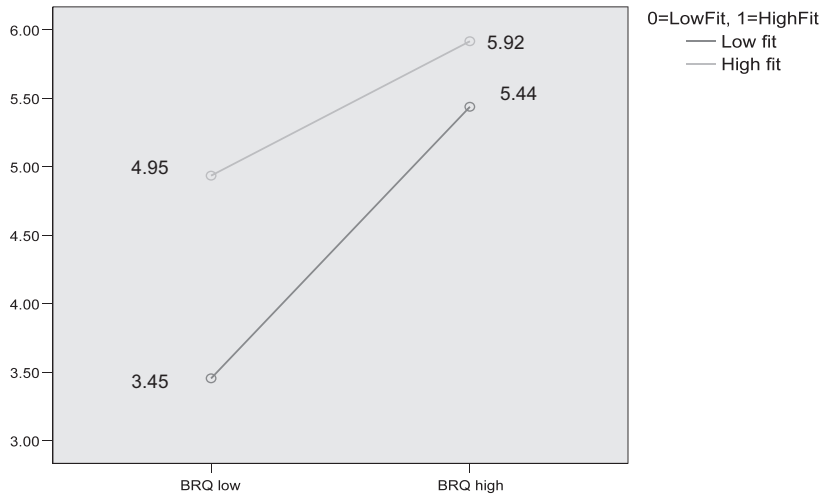
a R Squared = .587 (Adjusted R Squared = .559)

As we can see, the analysis of the variable confirms the existence of one principle effect, whether it be the perceived fit ($p = .000$) or the brand relationship quality ($p = .000$). Furthermore, they are significant whether they are the second level interactions between the perceived fit and the adapted name (FIT*STRAT) ($p < .05$) or those between the *brand relationship quality* and the aforementioned relationship (BRQ*FIT) ($p = .000$). These interactions are later specified by the interactions of the third grade between similarity, level of relationship quality and the name of the new product ($p = .002$), as will be shown later.

The existence of a principle effect on the level of brand relationship quality and the later analysis of contrasts ($F(3)=91.08$, $p .000$) confirms the hypothesis H1: as can also be seen in figure 2, the subjects who associate the brand with a high level of *brand relationship quality* evaluate the extension proposal more favourably than those for which these levels are modest, whatever the level of perceived fit of extension is. In greater detail, observing figure 2, the principle effect of the brand emerges from that of the positive inclination of the lines, while the principle effect of the perceived fit can be seen by observing that, on the graph, the line corresponding to the high *fit* always goes above that of the perceptive low *fit*.

Always in reference to figure 2, the second level interaction between the perceived fit and the brand relationship quality is shown through the change in the inclination of the lines: the line corresponding to the low *fit* is more inclined than the line that indicates the extension with a high *fit*. This means that the effect of the *brand relationship quality* is greater when the perceived fit of the new product is limited or, in other words, that a high level of the theory can substitute in cases of perceptive low *fit* and make an extension be accepted by the consumers although it is placed in a product category very different to that in which the brand has traditionally worked.

Figure 2. The interaction between perceived fit and quality relationship of the brand



The meaning of the third level interaction (BRQ*FIT*STRAT) and the following analysis of contrasts also confirm the hypothesis H2a and H2b (Fig 3 and Tab 6). In fact, observing figure 3a and table 6, we can observe how, in the case of low category fit, the name given to the new product has an effect only on the consumers who associate the brand with a high level of quality relationship. In particular, the subjects can be seen to value an extension different from that which has a name with a predominant *sub-brand* more positively than one which has a *parent-brand* predominance ($F(3)=58.874, p < .000$).

On the other hand, in the case of an extension characterised by a high level of category fit (Fig. 3b), the hypothesis is confirmed that the choice of one to whom to attribute the predominance in the area of the name only has an effect on the comparisons of the consumers who associate the brand with a high level of relationship quality. However, in this situation, such subjects manifest a positive behaviour in the comparisons of the

extension if the prominence of the name is not attributed to the *parent-brand* ($F(3) = 12.501$ $p < .07$).

Figure 3. The third level interaction between perceived fit, brand quality relationship and the naming of the new product

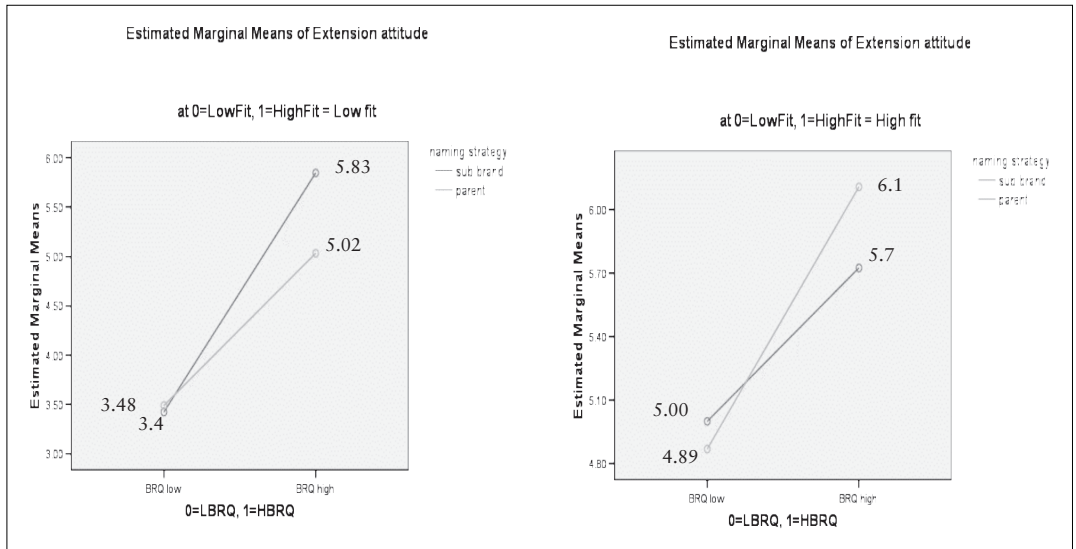


Table 6. Evaluation of the extension by subjects interviewed, in relation to the quality relationship, the perceived fit and the name adopted (estimated mean evaluation)

Level of BRQ	Extension with low perceived fit (pocket-sized computer)		Extension with high perceived fit (sportswear)	
	Parent-brand	Sub-brand	Parent-brand	Sub-brand
Low BRQ	3,48	3,40	4,89	5,00
High BRQ	5,02	5,83	6,1	5,7

4. Discussion of the results and implications in the management

The investigation of this work is not exempt of methodological limits. Firstly, it has been developed through a laboratory investigation, which therefore disregards the behaviour and reactions of the consumers and a situation of real purchase. However this will allow us to evaluate the effects due to factors which have not been taken into account in the investigation, as for example: the general marketing policy of the company, the action of the commercial intermediaries, the influence of the sales outlet and so on. Secondly, the experiment has been developed only in relation to an active brand in the commercialisation of durable consumer assets, for which an extension hypothesis has been made in two categories of product whose fit, with regard to the original category, is very high or – on the other hand – very low. In order to go further into depth in the analysis the study would require a wider and more articulated group of brands and categories of product, with the aim of achieving a better comprehension of the real behaviour of the phenomena studied.

In spite of these limitations, the results given in the previous pages present some interesting implications in the area of brand management policies. In the first place, the importance of the *brand relationship* is confirmed: in the current competitive context, whose greater availability and the more agile location of the information contribute to reinforcing the consumer's power of choice in a universe of brands which is more and more concurred, the creation and the maintenance of strong and lasting relationships with clients is confirmed as the best way to reach an continuous increase in the value of the brand. As regards the extension strategies, the aforementioned relationships allow for greater trust on a stable and loyal base of clients, which allows the introduction of the brand in competitive environments different to the original one. The results of our investigation, in fact, show the existence of a close correlation between the brand quality relationship and the behaviour of the consumers when faced with the new product for which the extension has been made. Hence, everything that has been observed in the introduction of the piece of work has

been confirmed: the development of the *brand relationship quality* is on the basis of the activation of the potential of the brand extension.

From the perspective of the company the brand belongs to, everything that has been said shows that the development and maintenance of the brand quality relationship has a crucial relevance. This implies the need to carry out the *abstraction* of the meanings and the value proposition of the brand. It is obviously a question of complex processes which – as well as implying multiple business activities (in the first place, the communication and the consequent development of the *brand association*) – takes up a lot of time and implies major investments. For all of these reasons, the development of the *brand relationship quality* can generate a significant increase in the business flow of results: as we have already mentioned, the consumers react positively in the face of this high brand relationship quality, and they show more favourable behaviour towards the extensions carried out. These are often profitable, through the transfer to a new competitive environment:

- through the price difference with regard to the original business;
- through the consolidated relationships with the clientele (intermediate and final), which turns into less management costs;
- through the power of negotiation in confrontations with the industry or distribution, which allows greater control of the commercial intermediation margins and leads to a lever effect on a channel level.

The other interesting aspect that has arisen from the investigation is that of the name that should be given to the new product for which the brand extension has come about. The literature has brought to light and investigated the influence the naming of the extension has on the consumers in general, without differentiating them based on the relationship they have with the brand. However, the current investigation proves how the *naming* choice of a new product is fundamental not so much as to speed up the extension on the part of the consumers, but to especially favour

acceptance of the extension by the clients who associate the brand with a high quality relationship.

In this piece of work we have taken into consideration a policy of *sub-branding*, and confronting the topic of the pre-eminence of the brand elements, which takes on important relevance when referring to the consumers who associate it with a high relationship quality. The relative weight of the brand elements has influence on the perceptions relative to the distance and the image of the product, whether it be/or determines which are the primary elements (called to communicate the positioning and the attributes of differentiation of the products) and which are the secondary (those which compete to activate a group of more restricted associations). As we have seen, in situations of high perceived fit between the categories of product, the prominence of the *parent-brand* leads to an emphasis on the associations which indicate the company brand; while in the opposite case (limited or null perceived fit), the prominence of the *sub-brand* indicates that the new product does not have a close correlation with the other products of the same company. In this case, it is true that the consumers should be less inclined to transfer the associations relative to the original product to the extension, but the positive or negative result of the *brand extension* decision should not have an influence on the image of the business brand nor on the behaviour in comparing the product traditionally indicated by the brand, given the perception of greater reciprocal distance.

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