Cultural Differences in Brand Extension Judgments and Feedback Effects

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The present research investigated cultural differences between Eastern and Western countries in evaluations of a brand extension and its feedback influence on the parent brand. In two experiments data were collected from both Eastern and Western cultures (Korea and Canada). Results in both experiments indicated that extension evaluations were influenced by the parent-extension similarity and that this effect was greater in an Eastern culture than in a Western culture. This difference was replicated over different product categories (durables and non-durables) and different parent brands (Nike, M&M-s, J&J). In addition, experiment 3 showed that unsuccessful extensions had a negative feedback effect on the parent brand evaluations and that the dilution was greater in an Eastern culture than in a Western culture. Theoretical and managerial implications of these findings are discussed.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/12852/volumes/v34/NA-34

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EXTENDED ABSTRACT

Factors that influence the success of a brand extension and its feedback effect on the parent brand evaluations have been a great concern of theory and research in consumer judgment. It has been shown that an extension of a brand is evaluated more favorably when it is similar than dissimilar to the parent brand (e.g., Aaker and Keller 1990; Barone, Miniard, and Romeo 2000; Bottomley and Holden 2001; Broniarczyk and Alba 1994; Keller and Aaker 1992; Park, Milberg, and Lawson 1991; Zhang and Sood 2002). Further, a number of studies have found that unsuccessful extensions can influence perceptions of the parent brand such that dissimilar (vs. similar) extensions are likely to have a negative feedback effect on the parent brand evaluations (e.g., Loken and John 1993; Milberg, Park, and McCarthy 1997).

In this research we intended to extend the literature by investigating whether or not a cross-cultural difference (i.e., Eastern vs. Western culture) leads to a difference in magnitude of the “similarity effect” on extension evaluations and the “feedback effect” on the parent brand. It has been suggested that the Eastern culture is characterized by a prevention focus in motivation and self-regulation, whereas the Western culture is relatively more promotion focused (e.g., Briley, Morris, and Simonson 2005; Lee, Aaker, and Gardner 2000). According to the literature, prevention-focused individuals are primarily concerned with presence/absence of a negative outcome of a decision alternative, whereas promotion-focused individuals are primarily concerned with presence/absence of a positive outcome (e.g., Higgins and Spiegel 2004). Further, the former individuals are less willing to take a risk in decision making than the latter, thus making fewer false hits and more misses in recognition tasks (Crowe and Higgins 1997). Perhaps, a dissimilar extension is more uncertain in terms of quality and thus perceived to be riskier than a similar extension. Consequently, we expected that the similarity effect in extension evaluations (i.e., the relative favorability of similar extension over dissimilar evaluations) would be more pronounced in an Eastern (prevention focus) culture than in a Western (promotion focus) culture. Further, people in the prevention-focused culture, compared to those in the promotion-focused culture, are likely to be more concerned with presence/absence of a negative outcome, and thus might be more sensitive to a failure of the extension. Thus, we also expected that an unsuccessful extension would have a negative feedback on the parent brand evaluations, but the dilution would be greater in an Eastern culture than in a Western culture.

These hypotheses were confirmed in three experiments. In two experiments data were collected from both Eastern and Western cultures (Korea and Canada). Results from both experiments indicated that extension evaluations were influenced by the parent-extension similarity and that as expected, this effect was greater in an Eastern culture than in a Western culture. Further, this difference was replicated over different product categories (durable and non-durable) and different parent brands (Nike, M&M’s, J&J). In addition, experiment 3 showed that unsuccessful extensions had a negative feedback effect on the parent brand evaluations and that as expected, the dilution was greater in an Eastern culture than in a Western culture. Theoretical and managerial implications of these findings are discussed.

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