The Influence of Brand Concept and Styles of Thinking on Brand Extension Evaluation

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Why are some brands more elastic than others? Prior research shows that consumers are more accepting of extensions into distant product categories for brands with prestige concepts (Rolex) versus functional concepts (Timex). We examine consumers’ style of thinking—analytic versus holistic thinking—to better understand the elasticity of prestige versus functional brands. For functional brands, we find that holistic thinkers provide more favorable responses to distant extensions than do analytic thinkers; however, for prestige brands, holistic and analytic thinkers respond equally favorably. Thus, analytic thinkers are identified as the roadblock for functional brands extending to distant product categories. We find that using a sub-brand (vs. a direct brand) and matching extension information with the consumer’s style of thinking increases the acceptability of brand extensions.

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EXTENDED ABSTRACT

Many of the successful new product introductions each year are brand extensions, such as Godiva coffee and Jeep strollers. Consumers tend to respond more favorably to extensions that fit with their perceptions of the parent brand, including extensions that are launched in nearby product categories (Aaker and Keller 1990; Volckner and Sattler 2006). However, it is also true that many brands are more “elastic” and are able to launch brand extensions into distant product categories, which share few attributes with existing products. For example, Ralph Lauren markets a diverse set of offerings under its brand, including sunglasses, paint, and dog leashes.

Why are some brands more elastic? Prior research suggests that characteristics of the parent brand dictate brand elasticity. Of particular importance is the nature of the brand concept associated with the parent brand—prestige versus functional (Park, Milberg, and Lawson 1991; Volckner and Sattler 2006). Prestige brands, such as Rolex, have abstract brand concepts that are more elastic and can successfully expand into many product categories. Functional brands positioned on functional attributes, such as Timex, are less elastic and are more successful if they extend to offerings that conform to the functional nature of the brand.

However, recent research finds that consumers can also influence brand elasticity by the style of thinking they use when evaluating brand extensions (Ahuwalia 2008; Monga and John 2007). Consumers might use analytic thinking, where they focus on specific attributes or products usually associated with the parent brand and try to match these features with those of the extension. Or, consumers might use a more holistic approach, where they seek out alternate ways to relate the extension to the parent brand, such as overall brand reputation, regardless of whether the extension conforms to the same attribute or product category profile as the parent brand. When consumers use a holistic style of thinking, they perceive higher brand extension fit and are more accepting of brand extensions, especially when they are distant from the parent brand.

Which of these explanations for brand elasticity is correct? We propose that both factors are important for understanding how far firms can stretch their brands. We examine distant extensions of brand extensions for prestige and functional brands. For distant extensions of prestige brands, we predict that analytic and holistic thinkers will respond in a similar way. Prestige brands have abstract concepts that can be stretched to distant product categories; thus, even analytic thinkers have an accessible way of relating the parent brand and extension. However, for functional brands, we predict that analytic thinkers will respond less favorably than holistic thinkers. Functional brands are anchored on functional attributes not readily transferable to distant extensions; thus, analytic thinkers will be unable to use attributes or product category profile to connect the parent brand and extension. Holistic thinkers, on the other hand, have an advantage in being able to generate alternate ways to relate the parent brand and extension, thereby perceiving better extension fit that forms the basis for more favorable extension evaluations.

We tested our predictions in three studies. In study 1, we used a 2 (style of thinking: analytic, holistic) x 2 (parent brand concept: prestige, functional) between subjects design. In study 1, analytic and holistic thinkers were identified using the analytic-holistic thinking scale (Choi, Koo, and Choi 2007). Consistent with our predictions, consumers who engaged in holistic thinking evaluated far extensions of functional brands more favorably than did analytic thinkers. For prestige brands, analytic and holistic thinkers evaluated far extensions equally.

In study 2, we examined whether analytic thinkers could be encouraged to respond more favorably to far extensions of functional brands. In study 1, analytic thinkers responded poorly because their perceptions of the parent brand (attributes, product categories) were at odds with the extension category. In study 2, we reasoned that creating distance between the parent brand and extension through different brand architecture could suppress these types of objections and enhance extension evaluations. Results from a 2 (style of thinking: analytic, holistic) x 2 (brand architecture: direct, sub-brand) supported our predictions. For the direct brand, Toyota wallets, analytic thinkers responded less favorably than did holistic thinkers, consistent with our prior studies. For the sub-brand, Excera wallets by Toyota, analytic thinkers responded as favorably as did holistic thinkers. Subsequent analyses confirmed that the sub-brand architecture suppressed analytic thoughts, as expected.

In study 3, we reasoned that providing information about a far brand extension would need to be provided in a linguistic frame that matched the natural inclinations of analytic thinkers. Based on research in linguistic categories (Stapel and Semin 2007), we designed one message compatible with analytic thinking (e.g., using verbs) and a second message compatible with holistic thinking (e.g., using adjectives). Results from a 2 (styles of thinking: analytic, holistic) x 2 (linguistic frame: analytic, holistic) supported our predictions. For analytic thinkers, the message with an analytic frame resulted in more positive extension evaluations. For holistic thinkers, the message with a holistic frame resulted in more positive extension evaluations. Thus, providing more information about a far extension was successful, but only if the message matched the style of thinking of consumers.

Taken together, our findings qualify past brand research in important ways. First, we find that prestige brands are not always more elastic than functional brands. This difference emerges only for analytic thinkers, not holistic thinkers. Second, we find that brand extension evaluations are not always more favorable for holistic than analytic thinkers. Style of thinking matters for functional, but not prestige, brands. Third, sub-brand architecture and persuasive messages can increase evaluations for distant brand extensions, but much of the benefit resides in increasing acceptance among analytic rather than holistic thinkers.