The Host of Brand Extensions
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Recent research on consumer reactions to brand extension has mainly focused on the judgmental effects of the similarity between the established brand and the brand extensions. The present paper extends this research by investigating the effects of four types of characteristics of the category into which a brand is extended: (1) the awareness set size (2) the perceived similarity among existing brands, (3) the perceived category knowledge, and (4) overall category attitudes. Results from two studies suggest that brand extensions are judged more favorably when (a) the awareness set size is small, (b) the perceived similarity among brands in the extension category is high, and especially when (c) the attitude towards the extension category is positive. The results underscore the importance of the extension category as the host of brand extensions. Key words: Brand Extensions, Characteristics of the Extension Category

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The existing literature also indicates that trust has a significant impact on online consumer behavior related to customer intentions (Yoon 2002, purchase and loyalty (Sultan, Urban, Shankar, and Bart 2002), prices (Ratchford, Pan, and Shankar 2003), and attitudes and risk perception (Jarvenpaa, Tractinsky, and Vitale 2000). If consumers have concerns about privacy issues, it could lead to a reduction in trust toward both the RA and the website.

This study attempts to answer questions regarding trust, privacy, security, and personalization via a series of experiments. The broad research question is: can personalization have a negative impact on trust, perceived privacy/security, and attitudes toward the RA and the firm? Affirmative findings will provide a significant contribution to the personalization literature by illustrating that personalization is not always an effective marketing tactic. We also posit that product type (hedonic vs. utilitarian) is also a moderator in the relationship between personalization and attitude towards the RA and firm. Ratchford (1987) stated that products vary in terms of being perceived as hedonic (how the product makes someone feel) vs. utilitarian (based on careful consideration of product attributes). If goods are evaluated in these ways, then recommendations could have a stronger impact on utilitarian products than hedonic ones because it should be easier to evaluate attributes (utilitarian) than to determine feelings (hedonic) in an online setting.

A pilot test provides initial support for the hypotheses. In the personalized and overpersonalized conditions for a utilitarian product, there was a significant difference in perceived security (p<0.05) in the predicted direction. Specifically, perceived security was lower in the overpersonalized condition, indicating that overpersonalization activated concerns of privacy and security. For the hedonic product, there was a marginal difference in perceived security (p=0.07). This seems to indicate that recommendations are less important or diagnostic for hedonic products. Future research will provide more detailed analysis of both the overpersonalization and hedonic/utilitarian dimensions and also extend RAs into other consumer research variables such as satisfaction and purchase likelihood.

References


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In most markets, assessment and choice of a specific brand must be considered in the context of a number of alternative brands that are available to the consumers. Choice probabilities in such settings can be influenced by the level of perceived similarity between the available alternatives in the product category. Consumer's attitudes towards a product category into which a brand is extended, as well as their knowledge about it, could possibly influence their evaluations. To illuminate this issue, the aim of the present study is to investigate
the following category characteristics: (a) awareness set size; (b) similarity among the brands; (c) level of perceived knowledge about the product category, and (d) attitudes towards the extension category.

A field study was conducted to gather empirical data. The study involved three established brands, which were extended into a total of 11 product categories. These hypothetical brand extensions were used to test the effects of the category variables on assessments of the extensions. Insight from the first inquiry was extended in a second study, which was conducted to test the importance of attitudes towards the extension category in more dept.

Results from two studies suggest that brand extensions are judged more favorably when (a) the awareness set size is small, (b) the perceived similarity among brands in the extension category is high, and especially when (c) the attitude towards the extension category is positive. The results underscore the importance of the extension category as the host of brand extensions.

References