Consumer Response to Brand Extensions: Does Culture Matter?

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ABSTRACT
One of the most compelling findings from brand extension research is that consumers evaluate brand extensions on the basis of similarity or “fit” with the parent brand, with better fitting extensions receiving more favorable overall evaluations. The purpose of this paper is to assess whether this finding can be generalized to other cultures. We propose that cultural differences may exist based on recent cross-cultural research demonstrating that cultures have different styles of thinking, which could affect the way consumers judge brand extension fit. Two studies conducted with individuals from an Eastern culture (India) and Western culture (U.S.) support the existence of cultural differences in brand extension evaluation.

INTRODUCTION
Research aimed at understanding how consumers respond to brand extensions has been an important area of inquiry in the past decade. A number of factors have been identified that influence whether consumers will evaluate brand extensions in a favorable manner. Key among them is the degree to which a brand extension “fits” with the parent brand, which consumers judge in a variety of ways, including whether the extension is in a product class similar to other products produced by the parent brand and whether an attribute associated with the parent brand could be beneficial in the extension product class. Brand extensions that fit well with the parent brand are usually evaluated quite favorably (for a review, see Keller 2002).

However, it is unclear whether these findings are applicable to consumers from other countries and cultures. Although comparative studies are lacking, there are preliminary indications that cross-cultural differences may exist. In a secondary analysis of eight studies conducted in the U.S. and abroad, Bottomley and Holden (2001) found that brand extension evaluations seemed to vary across cultures. They suggest that consumers from different cultures may place more or less emphasis on factors such as extension fit or product quality in arriving at their overall evaluation of brand extensions. Differences of this nature seem quite plausible given the variety of contexts in which culture has been found to influence consumer behavior, including brand positioning (Roth 1995), persuasion (Aaker and Maheshwaran 1997), and decision making (Briley, Morris, and Simonson 2000).

The purpose of this paper is to examine whether cross-cultural differences exist in consumer perceptions of brand extension fit and extension evaluation. Different cultures, with different orientations and ways of thinking, may well have different views of what constitutes “good fit” for brand extensions, thereby influencing brand extension evaluations as well. We explore this possibility by comparing consumers from a Western culture (U.S.) with ones from an Eastern culture (India). In two studies, we assess whether cross-cultural differences in brand extension evaluations exist and if these differences can be accounted for by cross-cultural differences in perceptions of brand extension fit.

CONCEPTUAL BACKGROUND
An emerging body of literature in cultural psychology offers several conceptual frameworks for predicting cross-cultural differences. In this paper, we focus on the most recent framework, proposed by Nisbett, Peng, Choi, and Norazian (2001). They argue that social differences between cultures promote certain cognitive processes more than others. Individuals in Eastern cultures, who are embedded in many social relations, have beliefs about focusing on the field and paying attention to relationships among objects. In this way, Eastern cultures promote holistic thinking, defined as “involving an orientation to the context or field as a whole, including attention to relationships between a focal object and the field, and a preference for explaining and predicting events on the basis of such relationships” (Nisbett et al. 2001, p. 293). In contrast, individuals in Western societies, who have relatively fewer social relations, have beliefs that the world is discrete and discontinuous and that an object’s behavior can be predicted using rules and properties (Nisbett et al. 2001). Western societies promote analytic thinking, which “involves a detachment of the object from its context, a tendency to focus on attributes of the object to assign it to categories, and a preference for using rules about the categories to explain and predict the objects behavior” (Nisbett et al. 2001, p. 293). A considerable body of research supports this view (e.g., Choi, Nisbett, and Smith 1997; Ji, Peng, and Nisbett 2000).

Cultural differences in styles of thinking may influence the way brand extensions are interpreted across cultures. Consider first the analytic style of thinking characteristic of Western societies. Analytic thinkers focus on the attributes of objects and on category-based induction to draw inferences and make judgments. This style of thinking is consistent with findings from current brand extension literature that (American) consumers judge brand extension fit on the basis of product class similarity (e.g., is the extension in a product category similar to those associated with the parent brand?) and attribute relevancy (e.g., is there an attribute associated with the parent brand that is relevant for the extension product category?). Brand extensions that stray too far from the types of products sold under the parent brand are typically deemed to be a “poor fit,” unless there is a redeeming attribute that ties the extension to the parent brand (e.g., “breath freshening” for Close-up mouthwash) or a prestige brand image that can be transferred to the extension (e.g., Rolex purses).

Now, consider the holistic style of thinking characteristic of Eastern societies. Holistic thinkers focus on relationships between objects and the field as well as relationships between objects (Masuda and Nisbett 2001). Because Easterners pay attention to the field, they may be able to identify other relationships between the parent brand and the extension. For instance, Easterners often focus on the situation rather than the focal object (Choi, Nisbett, and Norazian 1999), suggesting that they may be more able to use complementarity of use as a basis of fit. Easterners might pay more attention to the complementary usage relationships between brand extensions and products sold by the parent brand. They might also consider relationships between the extension and parent brand in terms of the overall reputation or feeling they have for the parent brand. These types of relationships are likely to result in judgments of better brand extension fit than would ordinarily be the case if product class similarity or attribute transfer were employed as the basis of fit. Although U.S. consumers may be able to generate similar relationships on occasion, we would expect them to be more prevalent for Easterners.
Thus, we propose that individuals from Eastern cultures will perceive a higher degree of brand extension fit than consumers from Western cultures, especially for extensions that are relatively “far” from product categories associated with the parent brand. Brand extensions that are viewed as being rather far away from the domain of the parent brand could be viewed as a better fit if consumers were able to link them on a more holistic basis, which is a way of thinking more characteristic of Eastern consumers. This idea is consistent with findings from cross-cultural research that Easterners tend to perceive stronger relationships (covariation) among pairs of objects than do Westerners (Ji, Peng, and Nisbett 2000). Accordingly, we hypothesize:

H1: Easterners will perceive a higher degree of brand extension fit than Westerners, particularly for brand extensions deemed to be poor fitting by Western standards.

As a consequence of cultural differences in perceptions of brand extension fit, we would also expect to see concomitant differences in brand extension evaluations. If the relationship between brand extension fit and brand extension evaluation holds across cultures, we should observe more favorable brand extension evaluations from consumers from Eastern as opposed to Western cultures. Because consumers from Eastern cultures perceive a higher degree of brand extension fit in many situations, we predict:

H2: Easterners will evaluate brand extensions more favorably than Westerners, particularly for brand extensions deemed to be poor fitting by Western standards.

STUDY 1

Overview

Cultural differences in brand extension evaluations were tested by comparing a sample of consumers from the U.S. (Western culture) with one from India (Eastern culture) in a 2 (culture: Eastern, Western) x 2 (extension fit level: low, moderate) x 2 (extension replicate) mixed design. Culture was a between subject factor, with the remaining factors varied within subject. Two levels of extension fit were included to explore whether cultural differences might be more evident for low versus moderate fit extensions, with the level of fit calibrated on the U.S. sample to provide for a baseline of comparison. Two replicates were selected for each level of extension fit: low fit (Coke popcorn, McDonald’s chocolate bar) and moderate fit (Mercedes Benz watch, Kodak greeting cards). Thus, extension replicates were nested within extension fit levels.

Sample

Twenty-nine American subjects and thirty-five Indian subjects were recruited from the same university community. Indian students residing in the U.S. were selected to minimize differences between Indian and U.S. subjects that might provide an alternative explanation for findings of cultural differences, such as differences in brand familiarity, brand advertising exposure, and brand breadth. The ad specified that participants needed to be in the U.S. for less than three years to ensure that acculturation had not occurred to a marked degree.

Stimuli

Subjects saw four brand extensions: Coke popcorn, McDonald’s chocolate bar, Mercedes Benz watches, and Kodak greeting cards. These extensions were selected on the basis of two criteria. First, parent brands used in the study needed to be well known and familiar to subjects from both countries. We examined reports of the top brands in each country (Business Week’s Top 100 Brands, 2001; The A&M’s India’s top brands, 1999, 2001), explored websites for brands on both lists, and assessed familiarity in a small pretest with Indian respondents. Four brands were selected: Coke, Kodak, Mercedes Benz, and McDonald’s.

Second, we needed extensions for each of these parent brands that would be judged as low or moderate in fit by U.S. standards. For this purpose, we tested hypothetical extensions of selected brands with a sample of 28 U.S. students, similar to those included in the main study. Subjects judged the perceived fit of each brand extension on a seven-point scale for three items (inconsistent-consistent with the brand’s image, different from-similar to the brand’s image, not typical of-typical of the brand’s image), where higher numbers indicate a higher level of fit. The three items were summed to obtain an overall fit measure for each extension ($\alpha=.89$, .85, .91 for Coke popcorn, McDonald’s chocolate bar, Mercedes Benz watch, and Kodak greeting cards, respectively). Two brand extensions were rated below the scale midpoint ($M_{\text{Coke popcorn}}=2.17; M_{\text{McDonald’s chocolate bar}}=3.33$) and two were rated above the scale midpoint in perceived fit ($M_{\text{Mercedes Benz watch}}=4.11; M_{\text{Kodak greeting cards}}=5.61$). A Manova, with the four brand extensions as a within subjects factor and fit ratings as the dependent variable, indicated significant fit differences among brand extensions (Wilks’ $\lambda=.023; F(3,25)=27.88; p<.01$). A comparison of means indicated that Coke popcorn and McDonald’s chocolate bar were both significantly lower in fit than either Mercedes Benz watches and Kodak greeting cards ($p’$s<.05).

Procedure and Measures

Subjects were given a survey that asked for their opinions about “a number of new products and services that are being developed and may be available in your area in the future.” First, subjects were asked to give their opinions about the parent brands included in the study on a seven-point scale (1=poor and 7=excellent). Then, participants were shown the name of each brand extension and asked to give their evaluation of it on a seven-point scale (1=poor and 7=excellent). This was followed by an opened-ended question about why they rated the brand extension in this manner (“Even though you have never tried this product, what went through your mind when you were deciding if it would be a good product or a bad product? What reasons came to mind in trying to decide what kind of product it would be?”). Next, subjects were asked to evaluate the fit of the brand extension with respect to the brand’s overall image on a scale ranging from 1 (“inconsistent with brand X’s image”) to 7 (“consistent with brand X’s image”), consistent with scales used in pretesting as well as prior brand extension research.2

Participants were then asked about their familiarity with the brands used in the study on a four-point scale (1=not at all familiar; 2= somewhat familiar; 3=familiar; 4=extremely familiar). Subjects were asked to list “whatever positive or negative things that come to your mind when you think about the brand.” Next, respondents completed a set of demographic questions about their nationality, number of years in the U.S., language spoken at home, and ethnicity of their mother and father. These questions were used to screen students from the U.S. sample who were of a different nationality or bicultural.

2One-item scales were used for measuring brand attitude, brand extension attitude, and brand extension fit to reduce respondent fatigue associated with competing a number of items for each measure for each brand extension. Prior brand extension research reports high inter-item correlations for multi-item scales, suggesting that single items can be appropriate measures of these constructs.
Results

Preliminary Analysis. First, we examined whether there were cultural differences in perceptions of or familiarity with parent brands that might provide an alternative explanation for cultural differences in brand extension responses. Parent brand attitude and familiarity did not vary by culture (see table 1 for means and standard deviations). A MANOVA with culture as the independent variable and parent brand attitude for all four brands as dependent variables revealed no significant effect of culture (Wilks’ $\lambda$=0.97; $F$ (4,59)=0.45, $p>.05$). This was corroborated by a univariate analysis of these data, finding that culture did not have a significant effect on brand attitudes for any of the four parent brands included in the study (all $p’s>.05$). An analysis of brand familiarity yielded similar results. A MANOVA with culture as the independent variable and parent brand familiarity for all four brands as dependent variables revealed no significant effect of culture (Wilks’ $\lambda$=0.93; $F$ (4,59)=1.12, $p>.05$). An univariate analysis of these data also found culture to have no significant effect on brand familiarity for all four brands (all $p’s>.05$).

We also examined whether different parent brand associations might be salient for the U.S. and Indian samples. Thoughts listed about each parent brand were coded into categories and a frequency count of brand associations for each parent brand by culture was obtained. The results point to very similar brand perceptions for all four parent brands. For McDonald’s, the top two brand associations mentioned by both cultures were unhealthy and fast food/convenience. For Mercedes Benz, the top two brand associations for both cultures were good and luxury. For Kodak, the top three brand associations in both cultures were films, positive affect, and pictures. Minor differences were found for Coke, where the Indian sample mentioned positive affect, unhealthy and company-related thoughts as the most frequent brand associations, whereas Americans mentioned positive affect, Pepsi, and unhealthy as the most frequent associations.

Hypothesis Tests. Next, hypotheses pertaining to cross-cultural differences in perceptions of brand extension fit (H1) and brand extension evaluation (H2) were tested. Means and standard deviations for these measures for both cultures are provided in table 1.

A 2 (culture) x 2 (extension fit level) x 2 (extension replicate) MANOVA, with extension fit level and extension replicate (nested within fit level) as repeated measures, revealed the existence of cultural differences in perceptions of brand extension fit. As expected, there was a significant effect of culture ($F$ (1,61)=7.20, $p<.01$) and a significant culture x extension fit level interaction ($F$ (1,62)=25.46, $p<.01$).3 Contrasts pertaining to this interaction indicated that cultural differences were evident for low fit extensions ($F$ (1,62)=33.49, $p<.01$) but not for moderate fit extensions ($F$ (1,62)=1.77, $p>.05$). Recalling that extension fit was calibrated on a U.S. sample, these findings support the hypothesis that consumers from Eastern (India) and Western (U.S.) societies perceive extension fit differently, with Easterners perceiving greater fit for extensions viewed as poor fitting from the vantage point of Western consumers.

To examine each brand extension replicate individually, a 2 (culture: Eastern, Western) x 4 (brand extension: Coke popcorn, McDonald’s chocolate bar, Mercedes Benz watch, Kodak greeting cards) MANOVA, with brand extension as a repeated measure, was pursued. Note that the presence of a nested design in the previous analysis precluded an analysis of each individual brand extension. Findings from this analysis corroborate our earlier results. Examining univariate effects, the effect of culture on brand extension fit reaches significance for Coke popcorn ($F$ (1,61)=24.21, $p<.01$) and McDonald’s chocolate bar ($F$ (1,61)=17.98, $p<.01$), with both brand extensions receiving higher fit ratings among Indians. Consistent with our prior analysis, there are no cultural differences for either Kodak greeting cards ($F$ (1,61)=0.97, $p>.05$) or Mercedes Benz watches ($F$ (1,61)=1.35, $p>.05$).4

Note.- N=29 for U.S. and N=35 for Indian sample.

### Table 1

Study 1: Means and Standard Deviations

<table>
<thead>
<tr>
<th>Measure</th>
<th>Coke popcorn</th>
<th>McDonald’s chocolate bar</th>
<th>Mercedes-Benz watch</th>
<th>Kodak greeting cards</th>
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<td>(1.30)</td>
<td>(1.62)</td>
<td>(1.49)</td>
</tr>
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</table>

3Findings not germane to our hypothesis tests were as follows. As expected, the main effect of extension fit level was significant ($F$ (1,62)=28.75, $p<.01$), indicating that perceptions of brand extension fit were higher for extensions in the moderate as opposed to the low fit level. The culture x replicate (nested within extension fit level) interaction did not reach significance ($F<1$), indicating that individual extension replicates exhibited similar cultural differences. Finally, a covariate for gender effects did not reach significance ($t<1$).

4The multivariate tests indicated a significant main effect for culture (Wilks’ $\lambda$=.64, $F$ (4,58)=8.27, $p<.01$). A covariate for gender effects did not reach significance ($F<1$).
Similar findings were obtained for brand extension evaluations. A 2 (culture) x 2 (extension fit level) x 2 (extension replicate) MANOVA, with extension fit level and extension replicate (nested within fit level) as repeated measures, revealed the existence of cultural differences in brand extension evaluations. As expected, there was a significant effect of culture (\(F(1,61)=13.49, p<.01\)) and a significant culture x extension fit level interaction (\(F(1,62)=7.48, p<.01\)).\(^5\) Contrasts pertaining to this interaction indicated that cultural differences were evident for low fit extensions (\(F(1,62)=21.86, p<.01\)) but not for moderate fit extensions (\(F(1,62)=3.30, p>.05\)). Recalling that extension fit was calibrated on a U.S. sample, these findings support the hypothesis that Eastern (India) and Western (U.S.) consumers evaluate brand extensions differently, with individuals from an Eastern culture providing more favorable evaluations for extensions considered to be poor fitting by Western standards.

To examine each brand extension replicate individually, a 2 (culture: Eastern, Western) x 4 (brand extension: Coke popcorn, McDonald’s chocolate bar, Mercedes Benz watch, Kodak greeting cards) MANOVA, with brand extension as a repeated measure, was pursued. Findings from this analysis corroborate our earlier results. The effect of culture on brand extension evaluation reaches significance for Coke popcorn (\(F(1,61)=22.67, p<.01\)) and McDonald’s chocolate bar (\(F(1,61)=6.48, p<.05\)), with higher evaluations given by Indian respondents. Once again, there is no effect of culture on evaluations of Kodak greeting cards (\(F(1,61)=0.04, p>.05\)) and Mercedes Benz watches (\(F(1,61)=0.88, p>.05\)).\(^6\)

**Discussion**

Our results indicate that cultural differences exist in the way consumers evaluate brand extensions. Brand extensions judged to be a poor fit by U.S. respondents, such as Coke popcorn and McDonald’s chocolate bars, were perceived much more positively by Indian respondents, which translated into more positive evaluations of these brand extensions. Brand extensions judged to be moderate in fit by U.S. standards, Mercedes Benz watches and Kodak greeting cards, did not exhibit cross-cultural differences of this nature.

These findings were corroborated by the types of thoughts that respondents generated for each brand extension. Cultural differences were evident for Coke popcorn and McDonald’s chocolate bar, but less noticeable for Mercedes Benz watches and Kodak greeting cards. For Coke popcorn, Americans thought about it in terms of product class similarity, stating that a soft drink company making food did not make sense, as well as attribute/feature transfer, with many respondents imagining the extension as “Coke-flavored” popcorn. Indian respondents also expressed ideas about product class similarity, although they saw Coke and popcorn as similar because they were both “food.” Indian subjects also related the extension to brand affect, noting that they would like the extension because they liked Coke products, as well as complementarity, with mentions of Coke and popcorn being consumed together. For McDonald’s chocolate bar, Americans thought about it in terms of product class similarity, noting that a fast food company wouldn’t be able to make good chocolates, as well as the “low quality-cheap” brand concept they associate with the McDonald’s brand. Once again, Indian respondents also thought about the extension in terms of product class similarity, but thought chocolate was consistent with McDonald’s fast food, desserts, and treats. References to brand affect were even more frequent, with many Indian respondents noting the reputation of the McDonald’s brand and their own liking for its products.

In sum, Americans used product class similarity and attribute/feature transfer as dominant modes of thinking, consistent with an analytical style of thinking. Indian respondents used some of the same bases as Americans, such as product class similarity, although they tended to see greater similarity and found ways to relate the parent brand and extension categories. However, Indians often used brand affect and complementarity as additional ways to think about brand extensions. Recall that these categories are consistent with a holistic style of thinking, involving general relationships between the extension and parent brand not tied to categories or attributes.

Overall, these results support the general hypothesis that brand extension evaluations are influenced by culture. Less clear is how extensive these cultural differences are in brand extension evaluations. Cultural differences were found for extensions judged as low fitting by U.S. standards, but no differences emerged for extensions judged to be moderate in fit. Perhaps we inadvertently dampened the level of cross-cultural differences by selecting a sample of Indian respondents residing in the U.S. Given this possibility, we conducted a second study to compare our U.S. sample with a new sample of Indian residents.

**STUDY 2**

**Sample and Procedure**

A sample of resident Indian consumers was compared to the sample of U.S. consumers collected in study 1. Twenty students were recruited for the Indian sample from a university in central India and paid $3 for participating. All were fluent in English. Survey instructions and dependent measures were identical to study 1, with two minor exceptions. Indian participants filled out the survey in a group class setting to allow more students to participate and measures of parent brand associations were eliminated to shorten the survey.

Hypotheses regarding brand extension fit and evaluation were tested in a 2 (culture: Eastern, Western) x 2 (extension fit level: low, moderate) x 2 (extension replicate) mixed design.

**Results**

**Preliminary Analysis.** We examined whether there were cultural differences in perceptions of or familiarity with the parent brands that might provide an alternative explanation for cultural differences in brand extension evaluations. Parent brand attitudes and familiarity were similar across cultures, with the notable exception of McDonald’s (see table 2 for means and standard deviations). A MANOVA with culture as the independent variable and parent brand attitude for all four brands as dependent variables showed a significant effect of culture (Wilks’ \(\lambda=.81\); \(F(4,44)=2.58, p=.05\)), with univariate tests revealing a significant effect of culture on attitudes toward McDonald’s (\(F(4,47)=4.61, p<.05\)) but no other brands (all \(p’s>.05\)). Indian respondents had a more favorable attitude toward McDonald’s than did Americans.

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\(^5\)Findings not germane to our hypothesis tests were as follows. As expected, the main effect of extension fit level was significant (\(F(1,62)=44.26, p<.01\)), indicating that brand extension evaluations were higher for extensions in the moderate as opposed to the low fit level. The culture x replicate (nested within extension fit level) interaction did not reach significance (\(F(1,124)=2.5, p>.05\)), indicating that individual extension replicates were subject to similar cultural differences. Finally, a covariate for gender effects did not reach significance (\(r<1\)).

\(^6\)The multivariate tests indicated a significant effect of culture (Wilks’ \(\lambda=.69\); \(F(4,58)=6.38, p<.01\)). A covariate for gender effects did not reach significance (\(F<1\)).
The same pattern emerged for parent brand familiarity. A MANOVA with culture as the independent variable and parent brand familiarity as dependent variables showed a significant effect of culture (Wilks' $\lambda=.61; F(4,44)=7.04, p<.01$), with univariate tests revealing a significant effect of culture on familiarity with McDonald’s ($F(1,47)=14.04, p<.01$) but not other brands (all $p's>.05$). Americans indicated higher familiarity with McDonald’s. With these results in mind, parent brand attitude and familiarity were employed as covariates in subsequent hypothesis tests involving the McDonald’s brand extension.

**Hypothesis Tests.** Next, hypotheses pertaining to cross-cultural differences in perceptions of brand extension fit (H1) and brand extension evaluation (H2) were tested. Means and standard deviations for these measures for both cultures are provided in Table 2.

A 2 (culture) x 2 (extension fit level) x 2 (extension replicate) MANOVA, with extension fit level and extension replicate (nested within fit level) as repeated measures, revealed the existence of cultural differences in perceptions of brand extension fit. As expected, there was a significant effect of culture ($F(1,46)=13.33, p<.01$) and a significant culture x extension fit level interaction ($F(1,47)=9.34, p<.01$).7 Contrasts pertaining to this interaction indicated that cultural differences were evident for low fit extensions ($F(1,47)=17.94, p<.01$) but not for moderate fit extensions ($F(1,47)=0.12, p>.05$). Recalling that extension fit was calibrated on a U.S. sample, these findings support the hypothesis that consumers from Eastern (India) and Western (U.S.) societies perceive extension fit differently, with Easterners perceiving greater fit for extensions viewed as poor fitting from the vantage point of Western consumers.

To examine each brand extension replicate individually, a 2 (culture: Eastern, Western) x 4 (brand extension: Coke popcorn, McDonald’s chocolate bar, Mercedes Benz watch, Kodak greeting cards) MANOVA, with brand extension as a repeated measure, was pursued. Note that the presence of a nested design in the previous analysis precluded an analysis of each individual brand extension.

Findings from this analysis corroborate earlier results. Examining univariate effects, the effect of culture on brand extension fit reaches significance for Coke popcorn ($F(1,46)=11.23, p<.01$) and McDonald’s chocolate bar ($F(1,46)=13.95, p<.01$), with both brand extensions receiving higher fit ratings among Indians. For McDonald’s chocolate bar, culture remained significant even after covariates for McDonald’s attitude and familiarity were entered into the analysis ($F(1,45)=5.42, p<.05$), with neither covariate attaining significance (both $p's>.05$). As before, there were no cultural differences for either Kodak greeting cards ($F(1,46)=0.78, p>.05$) or Mercedes Benz watches ($F(1,46)=1.37, p>.05$).8

Similar findings were obtained for brand extension evaluations. A 2 (culture) x 2 (extension fit level) x 2 (extension replicate) MANOVA, with extension fit level and extension replicate (nested within fit level) as repeated measures, revealed the existence of cultural differences in brand extension evaluations. As expected, there was a significant effect of culture ($F(1,46)=17.71, p<.01$) and a significant culture x extension fit level interaction ($F(1,47)=4.42, p<.05$).9 Contrasts pertaining to this interaction indicated that cultural differences were evident for low fit extensions ($F(1,47)=17.69, p<.01$) but not for moderate fit extensions ($F(1,47)=1.33, p>.05$).

TABLE 2

<table>
<thead>
<tr>
<th>Measure</th>
<th>Coke popcorn</th>
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<th>Mercedes-Benz watch</th>
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Note.- N=29 for U.S. and N=20 for Indian sample.

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7Findings not germane to our hypothesis tests were as follows. As expected, the main effect of extension fit level was significant ($F(1,47)=35.05, p<.01$), indicating that perceptions of brand extension fit were higher for extensions in the moderate as opposed to the low fit level. The culture x replicate (nested within extension fit level) interaction did not reach significance ($F(2,94)=1.80, p>.05$), indicating that individual extension replicates exhibited similar cultural differences. Finally, a covariate for gender effects did not reach significance ($t<1$).

8The multivariate tests indicated a significant main effect for culture (Wilks' $\lambda=.63, F(4,43)=6.22, p<.01$). A covariate for gender effects did not reach significance ($F<1$).

9Findings not germane to our hypothesis tests were as follows. As expected, the main effect of extension fit level was significant ($F(1,47)=37.85, p<.01$), indicating that brand extension evaluations were higher for extensions in the moderate as opposed to the low fit level. The culture x replicate (nested within extension fit level) interaction did not reach significance ($F(2,94)=1.33, p>.05$), indicating that individual extension replicates were subject to similar cultural differences. Finally, a covariate for gender effects did not reach significance ($t<1$).
Recalling that extension fit was calibrated on a U.S. sample, these findings support the hypothesis that Eastern (India) and Western (U.S.) consumers evaluate brand extensions differently, with individuals from an Eastern culture providing more favorable evaluations for extensions considered to be poor fitting by Western standards.

To examine each brand extension replicate individually, a 2 (culture: Eastern, Western) x 4 (brand extension: Coke popcorn, McDonald’s chocolate bar, Mercedes Benz watch, Kodak greeting cards) MANOVA, with brand extension as a repeated measure, was pursued. Findings from this analysis corroborate our earlier results. The effect of culture on brand extension evaluation reaches significance for Coke popcorn (F(1,46)=7.66, p<.01) and McDonald’s chocolate bar (F(1,46)=15.38, p<.01), with higher evaluations given by Indian respondents. For McDonald’s chocolate bar, culture remained significant even after covariates for McDonald’s attitude and familiarity were entered into the analysis (F(1,45)=5.86, p<.05), with neither covariate attaining significance (both p’s>.05). As before, there are no cultural differences for evaluations of Kodak greeting cards (F(1,46)=0.01, p>.05) and Mercedes Benz watches (F(1,46)=2.89, p>.05).

**Discussion**

Our results are consistent with the first study in finding cultural differences in brand extension evaluations. As before, these differences were only evident in the case of brand extensions judged by U.S. standards as being a poor fit with the parent brand, Coke popcorn and McDonald’s chocolate bar. Thus, similar cultural differences were observed with Indian samples from study 1 (U.S. residents) and study 2 (Indian residents).

**GENERAL DISCUSSION**

Brand extension research has yielded a number of important insights. Among the most important is the finding that consumers evaluate brand extensions on the basis of the fit they perceive with the parent brand. Studies conducted in the United States consistently show that extensions are evaluated poorly if they are perceived as being a poor fit with the parent brand.

Our results indicate that culture is also an important factor in understanding how consumers evaluate brand extensions. Although consumers around the world consider fit when evaluating brand extensions, those from Eastern cultures judge brand extension fit differently than consumers from Western cultures on occasion. Easterners viewed even poorly fitting extensions (by U.S. norms) as at least moderate fits with the parent brand by finding different ways to relate the poor fitting extensions to the parent brand. Our results suggest that these differences may be due to cultural differences in styles of thinking. Westerners are analytic thinkers, who tend to judge brand extension fit primarily on the basis of product class similarity and transfer of individual attributes; Easterners are holistic thinkers, who judge brand extension fit on the basis of additional factors, such as brand reputation/affect and complementarity of use.

Thus, culture needs to be carefully considered before generalizing current findings to consumers in other countries. Prior research has yielded a number of important findings about how consumers evaluate brand extensions depending on the nature of the extension (e.g., poor vs. good fit, downward vs. upward stretch) and the parent brand (e.g., functional vs. concept oriented; broad vs. narrow). These results have been explained in terms of cognitive processes that may not reflect how consumers from other cultures would process the same stimuli.

Further explorations could also provide much stronger evidence about the scope and nature of cross-cultural differences in responses to brand extensions. Additional research is warranted to better understand those situations where cultural differences exist (e.g., Coke popcorn) and do not exist (e.g., Kodak greeting cards). One possibility that we explored is that cultural differences will be stronger with extensions that are further away from the parent brand, which we referred to as “low fit” extensions. Another hypothesis is that cultural differences are weaker for extensions with parent brands that possess prestige brand concepts (e.g., Mercedes Benz) rather than functional brand concepts (e.g., Toyota).

Also warranted is further research to better understand the process that produces cross-cultural effects. In this study, we used the analytic-holistic thinking distinction to motivate a discussion of why brand extension responses may differ for Easterners versus Westerners. We provided some exploratory data in the form of thoughts that consumers generated about brand extensions, showing marked differences for extensions such as Coke popcorn and McDonald’s chocolate bar. Additional research is necessary to provide strong evidence that differences in style of thinking are responsible for cultural differences in brand extension fit and evaluations. Although we were able to rule out parent brand attitudes and familiarity as factors, we did not rule out other sources of cultural differences that might contribute to the data patterns observed. To do so, studies are needed to pin down the process explanation, perhaps by priming different styles of thinking or comparing intact groups of consumers with different styles of thinking.

**REFERENCES**


Keller, Kevin Lane (2002), *Branding and Brand Equity*, Cambridge, MA: MSI.