Cultural Differences in Brand Extension Evaluations: the Moderating Role of Functional and Prestige Brand Concepts

Alokparna Basu Monga, University of Texas, San Antonio
Deborah Roedder John, University of Minnesota

Prior research shows that consumers from Eastern cultures, characterized by holistic thinking, perceive higher brand extension fit and provide more favorable brand extension evaluations than consumers from Western cultures. We hypothesize that these cultural differences are less likely to emerge for extensions of prestige brands than functional brands. Prestige brands have salient, abstract associations that can be used to connect the brand to seemingly unrelated types of brand extensions. Results from two studies provide support for our hypothesis and also show brand name strategy (direct vs. endorsed) as a moderator of these effects.

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Alokparna Basu Monga, University of Texas-San Antonio, USA
Deborah Roedder John, University of Minnesota, USA

EXTENDED ABSTRACT

Brand extension research has identified a number of factors that influence how consumers respond to extensions, including the nature of the extension, type of parent brand, and consumer motivation levels. Recently, culture has been added to the list, with researchers examining whether consumers from different cultures respond to brand extensions in the same way (Bottomley and Holden 2001; Monga and John 2007; Ng and Houston 2006). One of the most interesting findings from this stream of research is that consumers from Eastern cultures perceive higher brand extension fit and evaluate brand extensions more favorably than consumers from Western cultures (Monga and John 2007). Styles of thinking, analytic versus holistic, have been implicated in this research (see Nisbett, Peng, Choi and Noranzayan 2001). Consumers from Eastern cultures, who tend to be holistic thinkers, are more readily able to see stronger relationships between the parent brand and the extension than consumers from Western cultures, who tend to be analytic thinkers.

In this article, we extend this research by investigating how consumers from different cultures respond to brand extensions as a function of parent brand concepts. Brand concepts are brand-unique meanings that exist in the minds of consumers (Park et al. 1991). Function-oriented brands (e.g., Timex) possess unique aspects related to product performance, whereas prestige-oriented brands (e.g., Rolex) are viewed as expressive of self-concepts or images. Research has shown that prestige brand concepts (e.g., luxury and status) are more abstract than functional brand concepts (e.g., durability and reliability), allowing prestige brands to accommodate a wider range of products that share few physical features (Park et al. 1991). A prestige brand like Rolex can be successful launching dissimilar extensions (e.g., scarves and neckties), unlike a functional brand like Timex, which is more successful when launching extensions that share similar attributes in similar product categories (e.g., stopwatches and oven timers) (Park et al. 1991).

We propose that cultural differences in brand extension evaluation will be smaller for prestige-oriented brands than function-oriented brands. Prestige brands have salient and accessible associations that can be used to connect the brand to seemingly unrelated types of brand extensions by consumers from both cultures. Functional brands, in contrast, may have salient and accessible associations, but they are less likely to provide a basis for linking the brand to potential brand extensions in very different product categories. Since consumers from Eastern cultures are more adept at finding relationships between the brand and the extension, a larger cultural difference will emerge for function-oriented brand extensions.

We test this prediction in a series of two studies. In study 1, we compare brand extension responses of American (Western) versus Indian (Eastern) consumers for prestige and functional parent brands. Using hypothetical brands, we find that cultural differences in extension evaluations were much smaller in the case of prestige brands, compared to functional brands. In study 2, we replicate this result by priming analytic and holistic styles of thinking within a culture. This approach, used extensively in cross-cultural research, allows us to rule out alternative explanations based on the myriad of factors that vary between Eastern and Western culture. We find that the effects of priming styles of thinking mirror those found across cultures in study 1. We also test brand name strategy (direct brand name versus endorsed brand name) as a proposed moderator of these effects. Consistent with prior research, we find that an endorsed brand name strategy enhances evaluations of a dissimilar extension of a functional brand among analytic thinkers. However, as expected, no such effects were found for holistic thinkers.

References


